



LANGEBERG

Ashton Bonnievale McGregor Montagu Robertson

ANNUAL REPORT
2017/2018





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LIST OF ACRONYMS

ACVV	Afrikaanse Christelike Vroue Vereeniging
AG	Auditor General
AQMP	Air Quality Management Plan
ART	Anti-Retroviral Treatment
CAD	Computer Aided Draft
CLW	Community Liaison Workers
CRF	Cape Retirement Fund
CWD	Cape Winelands District
CWDM	Cape Winelands District Municipality
DA	Democratic Alliance
DCAS	Department of Cultural Affairs and Sport
DCF	District Coordinating Forum
DEADP	Department of Environmental Affairs and Development Planning
DHS	Department of Human Settlements
DLG	Department of Local Government
DM	District Municipality
DoHS	Department of human Settlement
DSBD	Department of Small Business Development
DSD	Department of Social Development
DTI	Department of Trade and Industry
DWA	Department of Water Affairs
EPWP	Extended Public Works Programme
GDP	Gross Domestic Product
GDPR	Gross Domestic Product per Region
GMA	Goven Mbeki Awards
GRAP	Generally Recognised Accounting Practice
HDI	Human Development Index
HIV/AIDS	Human Immunodeficiency Virus / Acquired Immunodeficiency Syndrome
HR	Human Resources
HSP	Human Settlement Plan
ICROP	Integrated Community Registration Outreach Programme
ICT	Information Communication and Technology
IDP	Integrated Development Plan
IEC	Electoral Commission of South Africa
IERM	<i>Institute of Environment and Recreation Management</i>
IGR	Inter-Governmental Relations
IIAMP	Integrated Infrastructure Asset Management Plan
IIF	Infrastructure Investment Framework
IPS	Integrated Performance System

ISSP	Informal Settlement Support Program
IT	Information Technology
ITP	Integrated Transport Plan
IWMP	Integrated Waste Management Plan
IYM	In-year Monitoring
JOC	Joint Operations Centre
KPA	Key Performance Area
KPI	Key Performance Indicator
LED	Local Economic Development
LGMTECH	Local Government Municipal Technical Engagement Committee
LGSETA	Local Government Sector Education Training Authority
LIZS	Langeberg Integrated Zoning Scheme
LUPA	Land Use Planning Act
LUPO	Land Use Planning Ordinance
MAG	Montagu Ashton Gemeenskapsdienste / Community Services
MAYCO	Mayoral Committee
MBRR	Municipal Budget and Reporting Regulations
MFIP	Municipal Finance Improvement Programme
MFMA	Municipal Finance Management Act
MIE	Managed Integrity Evaluation
MIG	Municipal Infrastructure Grant
MM	Municipal Manager
MMC	Member of the Mayoral Committee
MMP	Maintenance Management Plan
MN	Municipal Notice
MOP	Municipal Outreach Programme
MPAC	Municipal Property Assessment Corporation
MRF	Materials Recovery Facility
MSA	Municipal Systems Act
MSCOA	Municipal Standard Chart of Accounts
MTREF	Medium Term Revenue and Expenditure Framework
NDHS	National Department Human Settlements
NEMWA	National Environmental Management: Waste Act, 59 of 2008
NO	Number
NPO	Non-Profit Organisation
PA	Personal Assistant
PMP	Pavement Management Plan
PMS	Performance Management Systems
PPCOM	Public Participation and Communication
PROV	Provincial
PSG	Provincial Strategic Goal

PT	Provincial Treasury
RDP	Reconstruction and Development Programme
SA	South Africa
SALGA	South African Local Government Association
SANS	South African National Standards
SAPS	South African Police Services
SCM	Supply Chain Management
SDBIP	Service Delivery Budget Implementation Plan
SDF	Spatial Development Framework
SEDA	Small Enterprise Development Agency
SLA	Service Level Agreement
SMME	Small, Medium and Micro-sized Enterprises
SMT	Senior Management Team
SOP	Standard Operating Procedure
SPCA	Society for the Prevention of Cruelty to Animals
STEERCOM	Steering Committee
SWMP	Storm water Management Plan
TB	Tuberculosis
TL	Top Level
TRP	Title Deed Restoration Programme
WC	Western Cape
WDM	Water Demand Management
WSDP	Water Service Development Plan
WSP	Workplace Skills Plan
WTW	Water Treatment Works
WWTW	Wastewater Treatment Works



CHAPTER ONE

Mayor's Foreword and Executive Summary



1.1. MAYOR'S FOREWORD



This report reflects on our performance of the past 2017/2018 financial year.

Vision

It is our vision to move from being one of the best municipalities, to becoming the best municipality through strong leadership, good governance and sound management of our finances. The quality services delivered in 2017/2018 strongly put us on a path to make this vision a reality.

Our 2017/2018 IDP highlights the objectives which steered overall implementation of our planned local development. Our service delivery aligned well with the plans and development strategies of the other government spheres.

Key Policy Developments

To improve good governance and accountability, our policies and strategies are regularly revised. This ensures that it remains relevant and that the Municipality's management systems stay effective, efficient and transparent.

Key Service Delivery Improvements

To become the best municipality, we must continually strive to improve our service delivery and the way in which we meet the basic needs of our residents. 2017/2018 was a challenging year which did not provide many opportunities for improvement. We faced a debilitating drought which very much impacted negatively on everything, including service delivery and our budget. I am therefore proud to express my gratitude towards the administration and our Councillors for their incredible effort throughout the past financial year, for once again proving that Langeberg Municipality is an exceptional organisation. Not only was basic services such as refuse removal, sanitation, electricity and clean drinking water provided to households, but incredibly special attention was given to keep everyone informed of the availability and the water quality (in terms of SANS Standards) in each town, each month. Also, more effective ways to buy pre-paid electricity were developed and the list of vendors extended.

Public Participation

Public Participation is a key performance area for the Municipality and it is included in the performance agreements of senior management. The Municipality has a creative Public Participation Unit with nine (9) officials who are responsible for public participation and one (1) official responsible for Ward Committees.

All statutory requirements for public participation were met in 2017/2018. We provided an enabling, participative environment by convening participation meetings, allowing written submissions and using various means of advertising and information exchange. The external media, and especially the municipal newsletter and the official municipal website were fully exploited throughout 2017/2018 for notices, invitations, monthly updates on water restrictions and water quality results as well as improved ways to buy pre-paid electricity online or from an extensive list of vendors.

Efforts to actively involve communities in 2017/2018 included:

- Langeberg's water campaign:
 - A live-on-air conversation with Vuyo Mrashula from Valley FM to discuss the water crisis and the municipality's plans to address it.
 - A friendly roadblock to stop and inform passing motorists that they were entering a water scarce environment, providing them with hand sanitizers.

- A water-saving address to more than 1000 learners of the Bonnievale Primary School, participating in a Water Activation Programme for the region, in which the Langeberg Municipality collaborated with the Department of Local Government.
- The Municipality partnered with its communities to improve service delivery and community engagement in decision making. The Breede River Winelands Rural Development Association includes farm workers, farmers and wine cellars to assist with rural development challenges. Community vegetable gardening is one of their growing success stories and has the purpose of providing affordable, nutritional food to households. In addition, it creates additional income from selling surplus crops. The Breede River Winelands Rural Development Association, in partnership with the Department of Agriculture, recently hosted its Annual Vegetable Garden Recognition Ceremony in Robertson. The Municipality supports this self-help initiative by sponsoring seeds and seedlings on an annual basis. Since the project's inception, the gardener's entrepreneurial skills have much improved.
 - Langeberg Municipality, in collaboration with the Rural Arts Development (RAD) Foundation, hosted its annual Langeberg Kultuurkis at the Happy Valley Community Hall in Bonnievale. Guests were entertained with first class performances in art and drama by talented, local youth. In celebration of Youth day, each act had a message of hope, faith or self-worth. Acts dealt with topics such as bullying, substance abuse and harassment. The RAD Foundation conducted auditions prior to the festival, in a bid to identify raw talent within the Langeberg region. Once the acts were selected, they were trained by the RAD Foundation to improve their performances. These groups and individuals will continue to receive further training to refine their talent and skills.

Future Actions

The adopted 2017/2018 IDP sets out Council's development path, goals and actions for the Langeberg municipal area for the next reporting year. The main focus is being pro-poor with an emphasis on providing services to the underdeveloped areas of the Langeberg Municipality. We will concentrate on upgrading our roads both in the central business districts and the previously disadvantaged communities and to address specific infrastructural capital investment aligned to the IDP focus areas.

Conclusion

The aim and vision to become the best municipality is clearly displayed in this Annual Report. It is a true testimony of the committed effort of our Council, administration and communities to collaborate and unify to achieve success.

Now, another year and another round of whole new challenges await us. Let us work hard and persevere.

Alderman HM Jansen
Executive Mayor

1.2 EXECUTIVE SUMMARY

1.2.1 MUNICIPAL MANAGER'S OVERVIEW



The 2017/2018 financial year was taxing. It brought a great deal of challenges which could only be addressed through a collaboration of political will, accountable, administrative governance and committed support of all other government spheres. These challenges included:

- The severe drought, which challenged water supply, burdened water demand, budgets and necessitated the urgent implementation of water restrictions.
- The Municipality is challenged to find land suitable for installing bulk services and building houses. The recent spate of illegal squatters in the Langeberg area is of great concern to the municipality and community. Over 400 shacks were erected illegally in the past year. This significantly impacts the housing backlog and service delivery.
- An external investigation by the Directorate of Priority Crime Investigation (DPCI), probing allegations of fraud, corruption and money laundering. The investigation is still ongoing. We have committed our full cooperation in the probe and welcome the opportunity to restore confidence in our administration.

However challenging, 2017/2018 also saw great successes. Through passion and dedication, we have continued to promote good governance, accountability, financial health and improved service delivery to our citizens and recently received a sixth consecutive clean Audit.

Improved Service Delivery

Our 2017/2018 projects, all aimed at improving service delivery, included the following:

- Langeberg Municipality, together with the Department of Human Settlements, initiated the Title Deed Restoration Project. Residents living in municipal rental stock (pre-1994) and RDP houses now have access to formal title deeds, granting them ownership of their properties.
- Construction of a new 3.0 Mega litre reservoir in Nkqubela, worth R24.8 million, to increase storage capacity.
- Installation of new electrical connections across the Langeberg region, worth R500 000
- Paving the entrance walkway of the Robertson Library for R51 000
- Acquisition and installation of an electronic turnstile for the swimming pool in Robertson, worth R150 000
- Securing the Robertson Community Hall with quality fencing, worth R100 000
- Upgrading of the Silwerstrand Bulk Line, to the value of R2 250 000
- Sinking boreholes in Montagu, valued at R3 million, to find alternative water sources.

Improved Efficiency and Effectiveness of Municipal Activities

- The Municipality improved its efforts to create effective service delivery integration. The 2017/18 IDP was reviewed in compliance with Section 34 of the Municipal Systems Act. Chapters 2 and 7 of the Reviewed 2017/18 IDP provide measurable targets which were linked to the strategic objectives and priorities of Council. The achieved targets are illustrated in the Municipality's SDBIP.
- The provision of clean drinking water has been improved by publishing the water analysis results for each town within the municipal area, as measured against SANS Standards, on a monthly basis.
- The municipality improved the provision of electricity by expanding the list of pre-paid electricity vendors as well as launching the on-line pre-paid electricity application. This improvement made the service more accessible to residents.

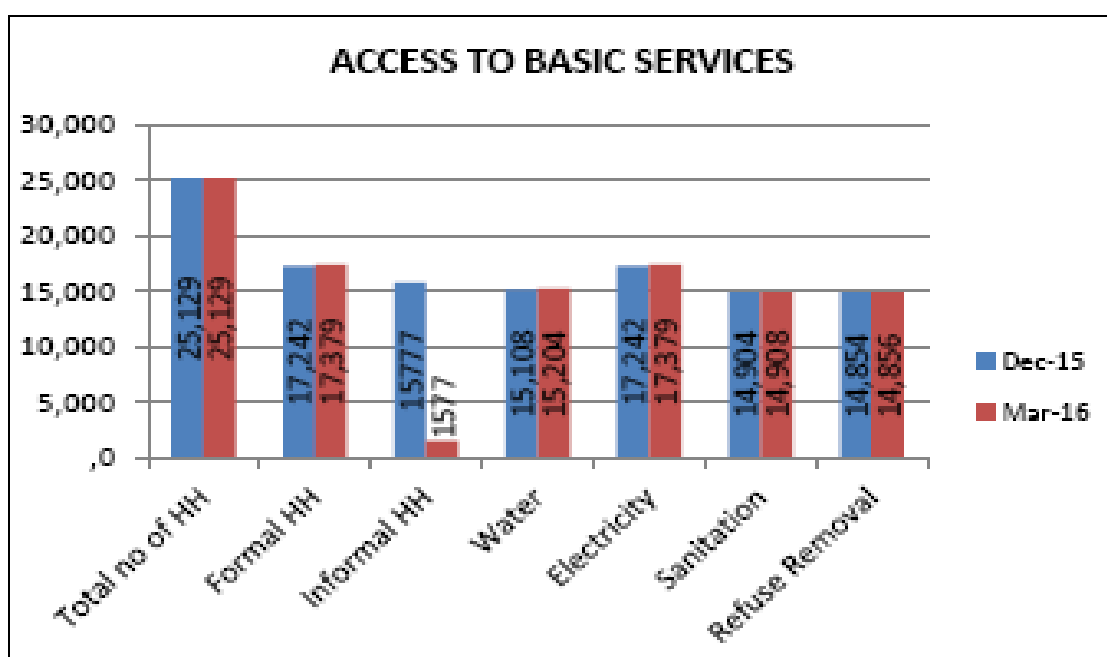
Service Delivery Performance

The Municipality has infrastructure master plans in place to prioritise and address existing service backlogs through government funding. All 2017/2018 municipal capital projects have been aligned to national and provincial targets.

Access to Basic Services in Langeberg Municipality

The graph below illustrates the provision of basic services in the Municipality. Due to inherited service backlogs, high influx in informal settlements, a generally low income base and harsh drought, the Municipality remained challenged to provide equal access to basic services to all its residents.

Graph 1: Access to Basic Services



Financial Sustainability

The Municipality made a coordinated effort to put forth a funded budget.

Efforts to Conserve Water and Energy

To ensure it meets the water demand in the area during the 2017/2018 drought-stricken reporting year, the Municipality implemented interventions to lower unaccounted water losses and water demand in general:

- Water restrictions were imposed;
- Boreholes were sunk, to find alternative water sources, and
- A new reservoir has been constructed to increase storage capacity,
- Information on dam levels and water quality was communicated monthly

To ensure it meets the demand for energy in the area, the Municipality invested considerably in new electricity infrastructure during the 2016/2017 and 2017/2018 financial years. This new infrastructure improved service delivery and monitoring. The replacement of faulty pre-paid meters lowered unaccounted electricity losses.

Policies and Restrictive Measures

The Municipality implemented restrictive administrative measures to curb spending by upholding its policies and bylaws and by implementing punitive steps when and where needed.

Shared Services

Disaster Management continued to be shared with the Cape Winelands District Municipality. The function is managed efficiently and effectively with a comprehensive plan, which in some circles of Provincial Government, is regarded as a best practice.

Library Services are still shared with other spheres of Government for infrastructure development, mobile services, material and a contribution towards personnel salaries. The management of facilities and staff provision are delivered at the expense of the Municipality.

In conclusion, I confirm that Council's objectives were all aimed at improving the lives and prospects of our residents by improving service delivery in general. The Municipality remained committed to achieve these objectives.

I herewith present this 2017/2018 Annual Report.

SA Mokweni
Municipal Manager

1.2.2 MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

1.2.2.1 MUNICIPAL FUNCTIONS

In accordance with Section 155/156 of the Constitution and Chapter 3 of the MSA, the broad functions and powers of the Municipality are tabled in Appendix D.

Access to services such as potable water, basic sanitation, safe energy sources and refuse removal services ensures that households enjoy a decent standard of living. To satisfy these basic requirements, the Municipality contributed as follows to the functions below in 2017/2018:

Water: Access to potable water in Langeberg was recorded at 98.3 per cent.

Sanitation: An estimated 94,7 per cent of households in Langeberg had access to basic sanitation services.

Energy: Langeberg Municipality's household access level to electricity was 92,6 per cent.

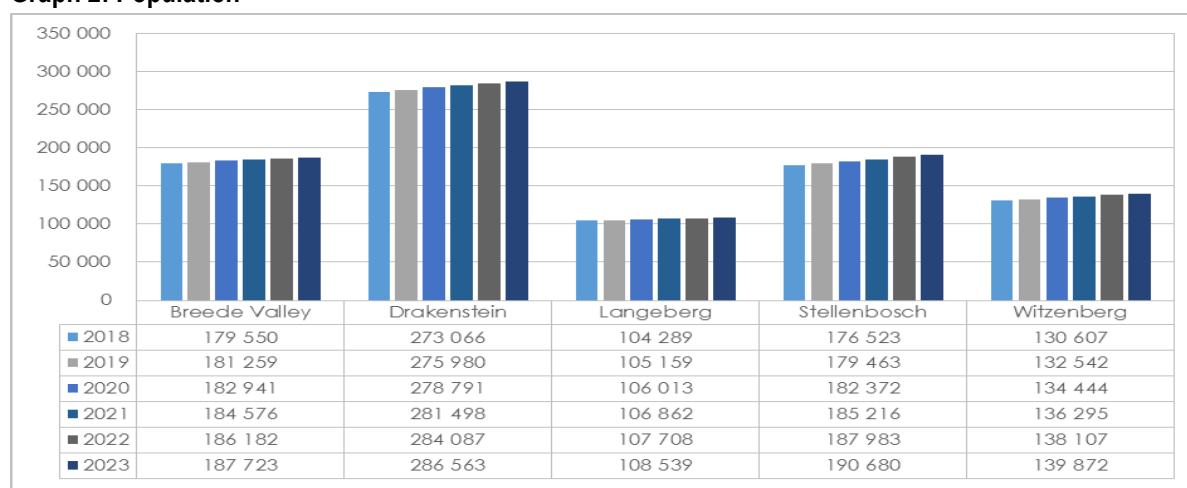
Refuse removal: The household access level to refuse removal in the Langeberg municipal area was 79.3% per cent.

Housing: 89.3 per cent of households in Langeberg had access to formal housing.

Roads: Road construction and maintenance are costly. Addressing inherited backlogs, coupled with funding constraints, remain a persistent challenge.

1.2.2.2 POPULATION

Graph 2: Population



In 2018, Langeberg will have an estimated population of 104 289, after five years this population is estimated to be 108 539. This equates an estimated growing rate in this time span of 4.07 per cent. The estimated population growth rate of Langeberg is therefore 1.64 percentage points lower than the estimated population growth of its district Cape Winelands which is 5.7 per cent.

1.2.2.3 AGE COHORTS

Table 1: Age Cohorts

Year	Children: 0 – 14 Years	Working Age: 15 – 65 Years	Aged: 65 +	Dependency Ratio
2011	27 759	64 029	5 939	52.6
2018	27 724	69 120	7 442	50.9
2023	27 475	72 433	8 632	49.8

The above table depicts the population composition regarding age cohorts. The total population is broken down into three different groups: Age 0 - 14: children; Age 15 - 65: working age population; Age 65+: seniors. A comparison with the base year (2011) and the estimated numbers for 2023 show a growth in the percentage of seniors and working age population but a decline in the percentage of children.

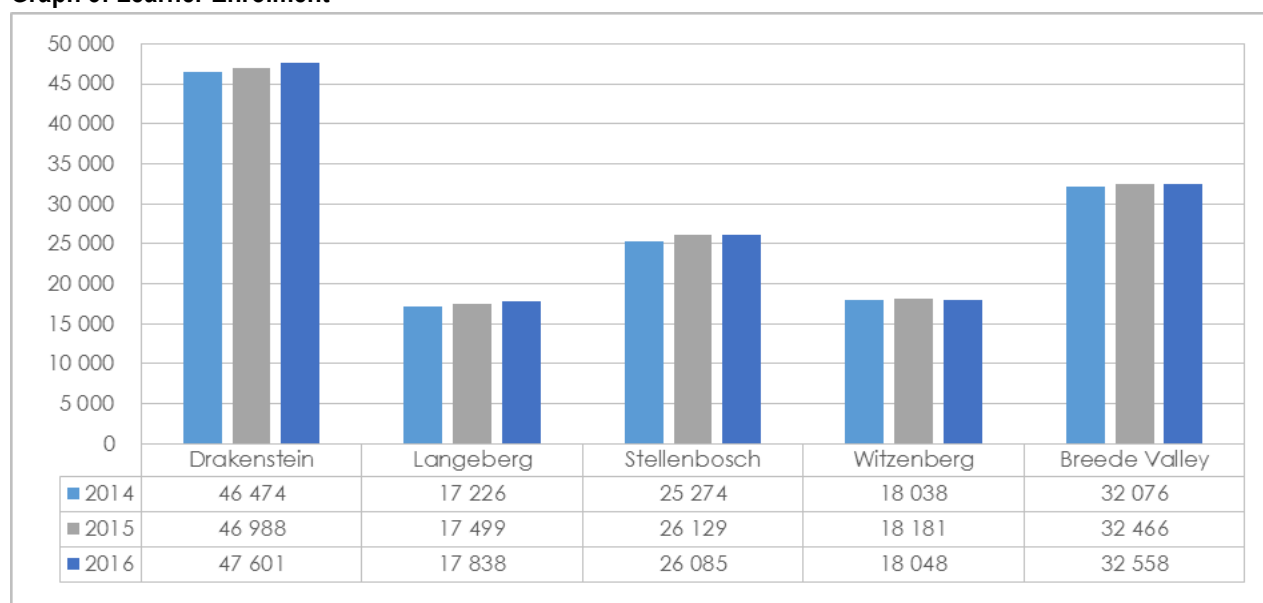
This is an important factor in the calculation of the dependency ratio. In Langeberg, this ratio was 52.6 in 2011 and will decrease to an estimated 49.8 in 2023. This ratio expresses the dependency of people who are part of the workforce (age 15 - 65) and those, who are depending on them (children and seniors). A higher dependency ratio means a higher pressure on social systems and the delivery of basic services.

1.2.2.4 EDUCATION

Education and training improves access to employment opportunities and helps to sustain and accelerate overall development. It expands the range of options available from which a person can choose to create opportunities for a fulfilling life. Through indirect positive effects on health and life expectancy, the level of education of a population also influences its welfare.

Data source: Western Cape Education Department, 2017

Graph 3: Learner Enrolment

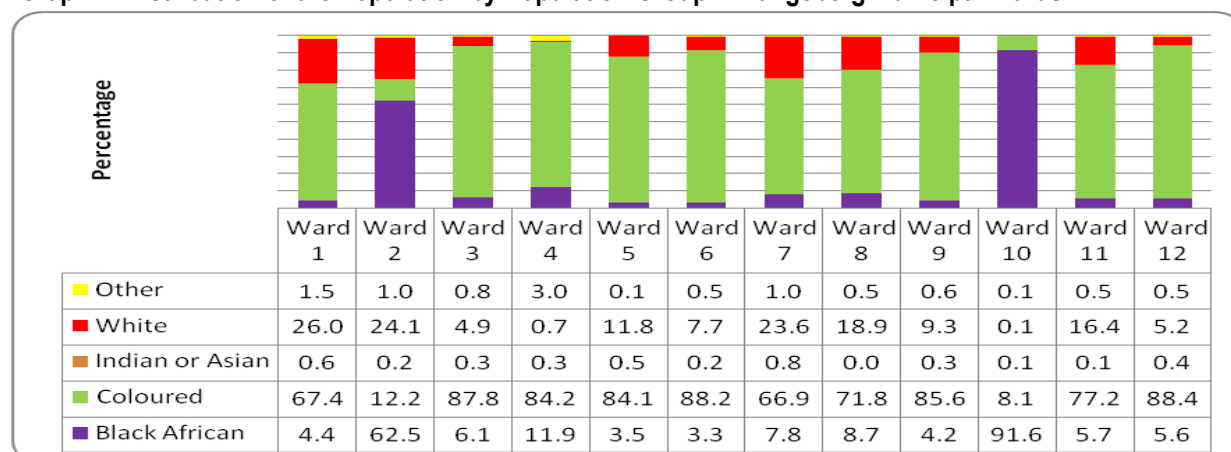


Learner enrolment in Langeberg increased at an annual average growth rate of 3.55 per cent between 2014 and 2016, which is an indication that access to education has improved within the Langeberg municipal area.

1.2.2.5 POPULATION REALITY AND IMPLICATIONS

Size: Langeberg has the lowest population within the Cape Winelands District, which is estimated at 104 289 in 2018. According to population forecasts by the Department of Social Development, Langeberg Municipality's population will continue to grow at a rate of 4.4 per cent on average per annum and it is projected to reach 125 937 by 2020.

Graph 4: Distribution of the Population by Population Group in Langeberg Municipal Wards



Age/Gender: When comparing the shape of the 2015 and 2020 population pyramids, population increases are expected at the younger ages, particularly 10 to 14 years, as well as in the working age population between 35 and 44 years. This holds particular implications for the provision of educational facilities and services related to children about to enter (and already attending) high school. The growth in the labour force will result in a greater need for employment opportunities.

1.2.2.6 LOCAL ECONOMIC DEVELOPMENT

The largest economies within the Cape Winelands District are the Drakenstein and Stellenbosch municipal areas, contributing 32.8 per cent and 24.0 per cent to the GDP of the District respectively.

Table 2: Economic Sector Performance

Cape Winelands District GDP contribution and average growth rates per municipal area									
Municipality	Contribution to GDP (%)	Trend		Real GDP growth (%)					
	2015	2005 - 2015	2010 - 2015	2011	2012	2013	2014	2015	2016e
Witzenberg	13.9	5.0	4.4	4.9	4.6	4.8	5.7	2.1	0.9
Drakenstein	32.8	2.8	2.5	3.2	2.8	2.6	2.6	1.3	0.4
Stellenbosch	24.0	2.8	2.6	3.2	3.0	2.5	2.5	1.6	0.5
Breede Valley	19.1	3.4	3.0	3.7	3.3	3.2	3.4	1.5	0.4
Langeberg	10.2	3.6	3.2	3.5	3.5	3.2	3.9	1.9	0.1
Total Cape Winelands District	100	3.3	2.9	3.5	3.2	3.1	3.3	1.6	0.5
Western Cape Province	-	3.0	2.6	3.8	2.9	2.6	2.2	1.5	0.7

Source: Quantec Research, 2017 (e denotes estimate), MERO 2017

Langeberg has the smallest economy within the Cape Winelands District. However, the average annual 3.6 per cent GDPR growth rate over a ten-year period (from 2005 to 2015) is greater than that of the District and Province. The higher growth rate is due to the small economic base within the local municipal area. In contrast, the economies of the Drakenstein and Stellenbosch municipal areas are slightly below average in general since growth from a larger base is represented by smaller percentages.

Comparing the ten-year average annual growth rate with the five-year average annual growth rates highlights that the recovery phase after the 2009 recession was short lived as economic conditions are again on a downward slope.

The following section outlines the GDPR growth per sector within CWD which assists in identifying local economic changes contributing to the decline in growth for the District. The Langeberg municipal area contributes R5.8 billion to the economy of CWD and is the lowest local economy within the District.

1.2.2.7 ECONOMIC SECTOR PERFORMANCE

GDPR Growth

Table 3: GDPR performance per sector

Langeberg GDPR performance per sector, 2005 - 2016										
Sector	Contribution to GDPR (%) 2015	R million value 2015	Trend		Real GDPR growth (%)					
			2005 - 2015	2010 - 2015	2011	2012	2013	2014	2015	2016e
Primary Sector	12.9	743.5	1.6	1.2	-0.2	0.8	1.8	7.5	-4.0	-9.9
Agriculture, forestry and fishing	12.8	735.6	1.6	1.2	-0.2	0.8	1.8	7.5	-4.0	-9.9
Mining and quarrying	0.1	7.9	-0.1	2.7	2.7	0.8	2.8	7.0	0.2	-6.3
Secondary Sector	25.9	1 491.1	0.7	0.2	-0.7	0.6	-0.1	0.5	0.6	-0.8
Manufacturing	18.2	1 047.5	-0.3	-0.9	-1.2	-0.6	-1.6	-0.5	-0.3	-1.9
Electricity, gas and water	1.8	106.2	0.7	0.9	3.2	0.9	0.0	0.5	0.1	8.6
Construction	5.9	337.4	7.2	4.8	0.8	6.5	6.9	5.1	4.6	1.0
Tertiary Sector	61.2	3 527.4	5.7	5.1	6.6	5.5	5.0	4.3	4.0	2.9
Wholesale and retail trade, catering and accommodation	19.2	1 108.7	5.2	4.9	6.6	6.0	4.3	3.7	3.7	2.6
Transport, storage and communication	11.1	640.7	6.8	5.7	6.9	5.8	6.4	5.7	3.6	2.5
Finance, insurance, real estate and business services	16.2	934.9	7.9	6.5	7.7	6.7	5.8	5.5	6.8	4.8
General government	8.0	462.7	3.1	3.0	5.3	2.8	4.0	2.5	0.4	0.9

Langeberg GDPR performance per sector, 2005 - 2016										
Sector	Contribution to GDPR (%) 2015	R million value 2015	Trend		Real GDPR growth (%)					
			2005 - 2015	2010 - 2015	2011	2012	2013	2014	2015	2016e
Community, social and personal services	6.6	380.4	3.9	3.6	4.6	4.3	3.8	3.0	2.1	1.6
Total Langeberg	100	5 762.1	3.6	3.2	3.5	3.5	3.2	3.9	1.9	0.1

Source: Quantec Research, 2017 (e denotes estimate)

The sectors that contributed the most to the R5.8 billion GDPR of the local municipal area in 2015 are the wholesale and retail trade, catering and accommodation sector (19.2 per cent), the manufacturing sector (18.2 per cent) and the finance, insurance, real estate and business services sector (16.2 per cent).

In the Langeberg municipal area, economic growth was driven by growth in tertiary sectors over the last ten years, with the finance, insurance, real estate and business services sector growing at an average annual rate of 7.9 per cent.

In 2016, real GDPR growth slowed to 0.1 per cent; which is the lowest growth rate since the recession when the economy contracted by 2.1 per cent. The decline in growth can be attributed to the contraction in the agriculture, forestry and fishing sector, the mining and quarrying sector and the manufacturing sector in 2016. The lack of water limits the manufacturing industries to operate optimally which contributes to the contraction in this sector (Langeberg Municipality, 2017).

1.2.2.8 LABOUR

Together with being the smallest economy within CWD, Langeberg employs the least number of workers compared to the other areas within the District. The Langeberg municipal area does, however, have the second lowest unemployment rate in CWD at 7.9 per cent in 2015. The level of unemployment within this municipal area is increasing annually and is estimated to be 8.4 per cent in 2016.

Table 4: Employment growth per sector

Langeberg employment growth per sector, 2005 - 2016										
Sector	Contribution to employment (%)	Number of jobs	Trend		Employment (net change)					
	2015	2015	2005 - 2015	2010 - 2015	2011	2012	2013	2014	2015	2016 e
Primary Sector	23.4	12 014	-4 036	2 399	-473	512	450	-707	2 617	-192
Agriculture, forestry and fishing	23.4	11 998	-4 028	2 405	-473	512	456	-707	2 617	-192
Mining and quarrying	0.0	16	-8	-6	-	-	-6	-	-	-
Secondary Sector	15.7	8 060	1 011	937	130	-33	356	173	311	-33
Manufacturing	8.7	4 468	-444	-91	-11	-233	216	-148	85	-141
Electricity, gas and water	0.2	92	34	23	4	2	2	5	10	2
Construction	6.8	3 500	1 421	1 005	137	198	138	316	216	106
Tertiary Sector	60.9	31 298	14 837	8 097	1 236	1 411	1 885	1 625	1 940	64
Wholesale And retail trade, catering and accommodation	25.2	12 928	5 829	3 027	569	640	537	617	664	-1
Transport, storage and communication	5.9	3 038	1 987	1 071	93	215	305	74	384	-207
Finance, insurance, real estate and business services	10.9	5 620	2 863	1 576	248	205	329	283	511	99
General government	6.3	3 233	988	425	153	72	66	197	-63	78
Community, social and personal	12.6	6 479	3 170	1 998	173	279	648	454	444	95

Langeberg employment growth per sector, 2005 - 2016										
Sector	Contribution to employment (%)	Number of jobs	Trend		Employment (net change)					
	2015	2015	2005 - 2015	2010 - 2015	2011	2012	2013	2014	2015	2016 e
services										
Total Langeberg	100	51 372	11 812	11 433	893	1 890	2 691	1 091	4 868	-161

Source: Quantec Research, 2017 (e denotes estimate)

Most of the 51 372 jobs in the Langeberg municipal area originate from the agricultural, forestry and fishing sector (23.4 per cent) and wholesale and retail trade, catering and accommodation sector (25.2 per cent). The agriculture, forestry and fishing sector created the most jobs in 2015 due to the record wine grape harvest in the area (VinPro, 2016), which increased the demand for seasonal workers. The seasonality of jobs in the agriculture, forestry and fishing sector has widespread implications for the economy of the Langeberg area as household income and spending are cyclical in line with agricultural activities in this area which affects businesses in the tertiary sector (Langeberg Municipality, 2017).

Over a ten-year period between 2005 and 2015, 11 812 jobs were created in the Langeberg municipal area, despite significant job losses during the recession period. In 2016, the transport, storage and communication, the manufacturing, and the agriculture, forestry and fishing sectors jointly shed 540 jobs. This illustrates the importance of the agriculture sector, agri-processing and the linkages between industries (transport, storage and communication sector) within the Langeberg municipal area.

1.2.2.9 ENVIRONMENTAL REALITY AND NATURAL RESOURCES

Land use

The Premier issued a proclamation in the Provincial Gazette Extraordinary 7509 on 7 October 2015 that brings the LUPA into effect in the Municipality. A draft integrated zoning scheme stands to be approved when LUPA is implemented in the municipal area.

The current Land Use Management Scheme or Zoning Schemes are compliant with the provisions of the Land Use Planning Ordinance No. 15 of 1985 (LUPO).

Waste Management

A shortage of available landfill airspace exists across the Province and the recovery of waste material for the waste economy is only at 9 per cent. There is a need to move away from the landfill bias towards integrated waste management. To achieve this, more integrated waste management infrastructure is needed, which will increase the recovery of waste material and thereby save landfill airspace, promote the waste economy, reduce the environmental impacts of waste management and create jobs.

Due to strict environmental requirements set by the national government, closure and rehabilitation of waste disposal facilities became increasingly expensive. Lacking the necessary resources and staff capacity, municipalities find it difficult to comply. The Municipality is no exception in this regard.

In terms of waste minimisation, the Municipality provides a 13 per cent diversion rate and supports this by means of a split bag system, one MRF and two public drop-off facilities.

With regards to solid waste management, the Municipality conducts internal and external audits at one of its waste facilities with an average of 80 percent compliance in terms of waste licence conditions

The Municipality delivers waste removal, storage and disposal services in a manner that does not conflict with National or Provincial Norms and Standards. All the waste management facilities which trigger waste listed activities, are licensed/authorised in terms of the NEMWA.

Air Quality

The Municipality requested and awaits assistance from the relevant Provincial and National Departments to guide the development of an Air Quality Control Strategy and Plan for the municipal area. The Municipality provides input into the Western Cape State of Air Report through coordination by the Cape Winelands District Municipality.

Climate Change

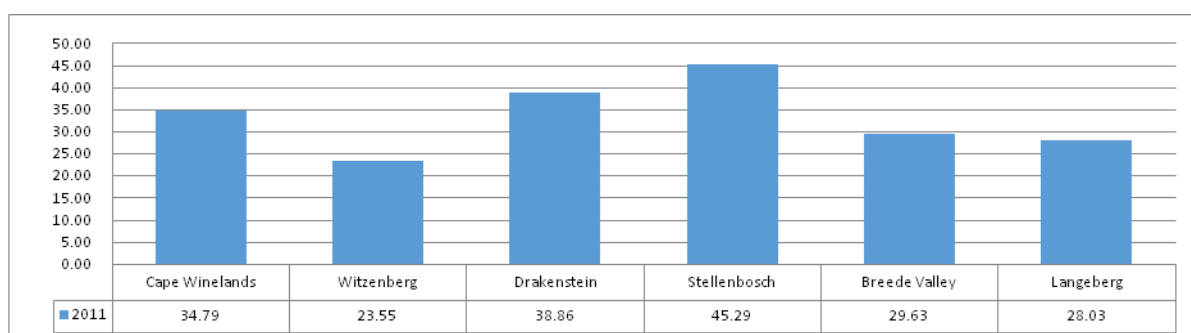
In terms of climate change mitigation, pushing energy efficiency projects is one of the Municipality's strategic objectives. The Municipality also has an Electrical Master Plan, outlining how future growth will be handled.

In terms of adaptation, The Municipality has a disaster Management plan in place which is reviewed annually. Disaster risk assessments have been undertaken and climate change has been specifically identified as a consideration for flood risks.

Broadband Penetration

Municipal broadband initiatives offer great potential to enhance economic growth and development. In 2011, 34.79 per cent households had access to the internet in the Cape Winelands District. The Municipality had the second lowest penetration rate (28.03 per cent) in the District.

Graph 5: Cape Winelands District: Internet Access, 2011



Source: Statistics South Africa, Census 2011

Creating improved internet access and usage in each ward, by providing Wi-Fi hotspots with limited, free access, is a future development focus of the Western Cape Broadband Initiative.

1.2.3 SERVICE DELIVERY OVERVIEW

Basic Service Delivery Achievements

Access to basic services within South Africa is a basic human right. It is also an indication of the quality of life of the inhabitants in the country. Access to basic services has a wider impact on education and health and therefore also on the economy. The Municipal Economic Review and Outlook of 2015 further highlights the positive economic impact of basic infrastructure spending on the overall economy.

The levels of access to basic services will be discussed below in terms of access to water, sanitation, energy, refuse removal and housing.

1.2.3.1 POVERTY

This section shows living conditions and economic circumstances of households in the Langeberg municipal area based on most recent data including Statistics South Africa's Non-Financial Census of Municipalities 2016 and Quantec. Economic theory suggests that when an economy prospers its households are expected to enjoy a good standard of living. On the contrary, a declining economy tends to lower the standards of living of people. This section uses indicators in terms of GDP per capita, income inequality, human development, as well as indigent households and free basic services to show the current reality of households residing in the Langeberg municipal area.

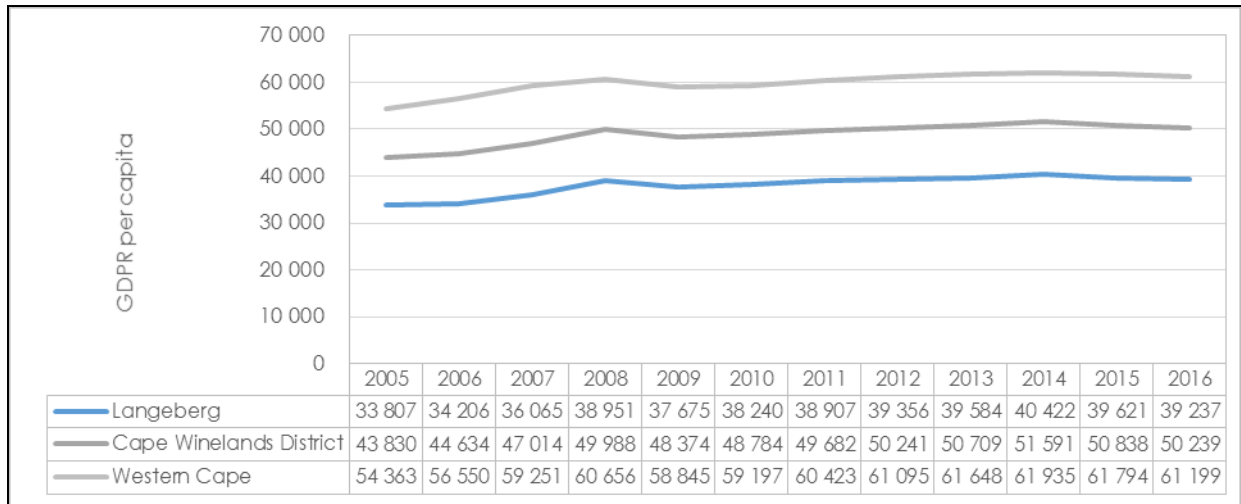
The deteriorating financial health of households and individuals under the weight of economic pressures, specifically between 2011 and 2015, has resulted in an increase in the poverty levels, according to the Poverty Trends in South Africa report released by Statistics South Africa in 2017. The report cites rising unemployment levels, low commodity prices, higher consumer prices, lower investment levels, household dependency on credit, and policy uncertainty as the key contributors to the economic decline in recent times. These recent findings indicate that the country will have to reduce poverty at a faster rate than previously planned.

According to the report the categories of people vulnerable to poverty remained to be African females, children 17 years and younger, people from rural areas, and those with no education. Inflation-adjusted poverty lines show that food poverty increased from R219 in 2006 to R531 per person per month in 2017. The lower-bound poverty line has increased from R370 in 2006 to R758 per person per month in 2017 while the upper-bound poverty line has increased from R575 in 2006 to R1 138 per person per month in 2017.

1.2.3.2 GDPR Per Capita

An increase in real GDPR per capita, i.e. GDPR per person, is experienced only if the real economic growth rate exceeds the population growth rate. Even though real GDP per capita reflects changes in the overall well-being of the population, not everyone within an economy will earn the same amount of money as estimated by the real GDPR per capita indicator.

Graph 6: GDP Per Capita



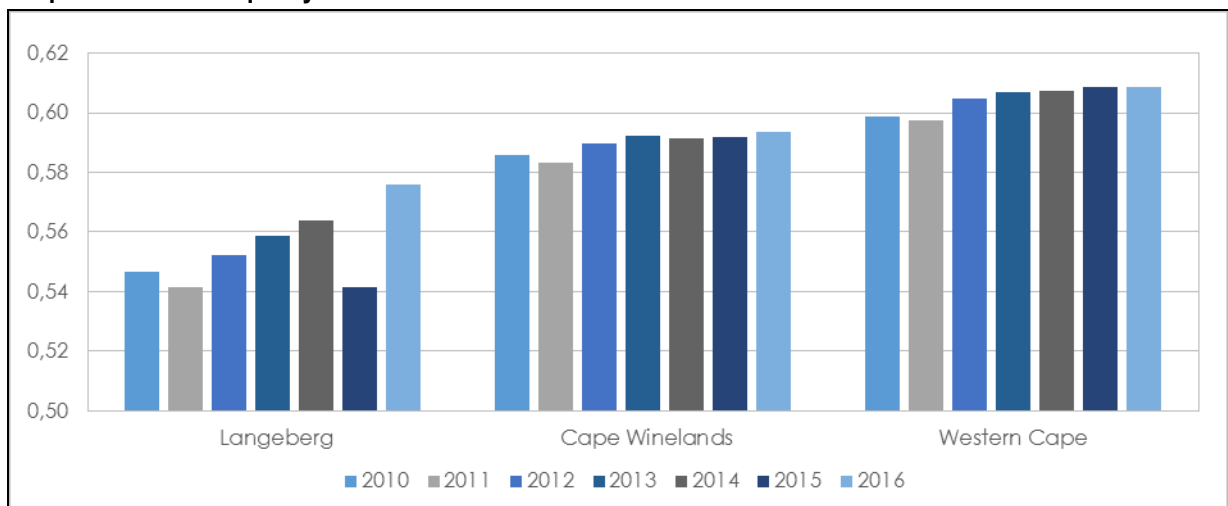
Source: Stats SA 2017, own calculations

At 39 237 in 2016, Langeberg's real GDP per capita is well below that of Cape Winelands District as well as the Western Cape.

1.2.3.3 Income Inequality

The National Development Plan has set a target of reducing income inequality in South Africa from a Gini coefficient of 0.7 in 2010 to 0.6 by 2030. Income inequality has increased between 2010 and 2016 with the exception of 2011 and 2015, when it fell to 0.56.

Graph 7: Income Inequality

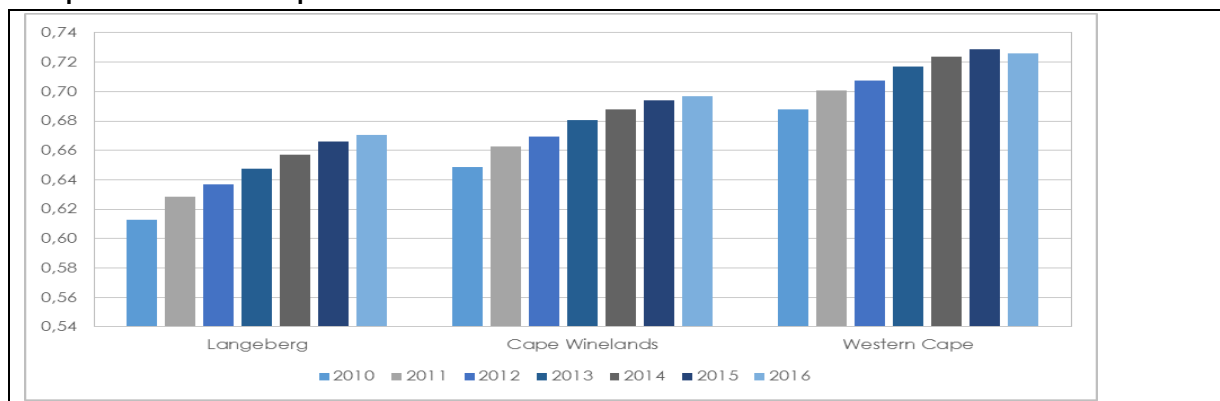


On a positive note, income inequality levels in Langeberg are overall lower than in the Cape Winelands District and the Western Cape. The Gini coefficient for Langeberg was 0.58 in 2016 compared to 0.59 for the Cape Winelands District.

1.2.3.4 Human Development

The United Nations uses the Human Development Index (HDI)¹ to assess the relative level of socio-economic development in countries. Indicators that measure human development are education, housing, access to basic services and health.

Graph 8: Human Development



There has been a general increase in the HDI in Langeberg, Cape Winelands and the whole of the Western Cape between 2011 and 2016, with the exception of a drop in HDI levels for the Western Cape in 2016. Langeberg's HDI was 0.67 in 2016.

1.2.3.5 Indigent Households

The objective of the indigent policies of municipalities is to alleviate poverty in economically disadvantaged communities.

Table 5: Indigent Households

Area	2014	2015	2016
Langeberg	7 327	7 023	7 265
Cape Winelands District	33 406	34 704	42 756
Western Cape	404 413	505 585	516 321

Source: Department of Local Government, 2017

After dropping in 2015, the Langeberg municipal area again experienced a rise in the number of indigents between 2015 and 2016, implying increased burden on municipal financial resources. The overall number of indigent households have increased in the Cape Winelands District as well as the Western Cape.

Table 6: Basic Service Delivery Challenges as at March 2018

Informal settlement area	Number of dwellings	Challenges
Nkanini, Nkqubela	(1206)	Limited water access points and toilets
Nkandla, Zolani	(302)	No access to basic services
Cogmanskloof, Ashton	(112)	No access to basic services
Mandela Square, Montagu	(153)	Limited water access points and toilets
Boekenhoudskloof, Bonnievale	(257)	Limited water access points and toilets
McGregor	(40)	Limited access to water and sanitation

1.2.4 FINANCIAL HEALTH OVERVIEW

Financial Sustainability

Based on the ratios provided in **Appendix xx**, The Municipality managed well to sustain its financial position.

Table 7: Financial Overview

Financial Overview - Year 2017/2018			
Details	Original Budget	Adjustment Budget	Actual
Income			
Grants	105 213	116 876	106 742
Taxes, Levies and tariffs	407 580	409 235	400 258
Other	42 868	55 262	32 067
Sub Total	555 661	581 373	539 067
Less Expenditure	554 278	587 907	534 835
Net Total*	1 383	-6 534	4 232
<i>*Note: surplus/deficit)</i>			

The following table highlights some key financial management challenges experienced in 2017/2018.

Table 8: Key Financial Challenges and Interventions

Key Financial Challenges and Interventions	
Challenges	Interventions
Implementation of MSCOA	Project plan and work streams commissioned
MSIG Grant stopped to all municipalities	Revision of funding model for financial management reforms

Financial Health

Based on the operating ratios provided below, the Municipality is of sound financial health.

Table 9: Operating Ratios

Operating Ratios				
Detail	%	Expected Norm	Variance from norm	Comment
Employee Cost	27.57%	30%	2.43%	Below industry norm
Finance Charges	1.87%	10%	8.13%	Low reliance on external funding

Table 10: Total Capital Expenditure

Total Capital Expenditure				R'000
Detail	2013/2014	2014/2015	2017/2018	Comments on variations between Actual and Adjustment Budgets
Original Budget	53 910	54 440	56 671	Various factors contributed to the capital budget not fully spent
Adjustment Budget	57 412	58 818	58 674	
Actual	52 538	52 532	53 626	

Risk Assessment

The organizational risks for 2017/2018 were assessed and a Risk Register was developed. The Langeberg Municipality's strategic risks and mitigation measures follow below:

Table 11: Strategic Risks and Mitigating Measures

Langeberg Municipality's Strategic Risks	Mitigating Measures to be Implemented
The risk is that the Municipality may have difficulties with implementing Municipal Standard Chart of Accounts (mSCOA), the new financial-reporting regulatory reform.	The budget has been tabled in mSCOA format. The different line managers are informed on a regular basis by the budget office manager on the developments around mSCOA. The budget manager is also available on a regular basis telephonically to assist in the allocation of items in the new standard chart of accounts.
The financial viability of the municipality is put under strain by the additional influx of people in the area that do not contribute to the revenue stream, but for which services are provided.	The financial situation of the municipality is monitored on a daily basis. Reports indicating the liquidity ratios are generated and monitored to ensure that the municipality is financially viable.
The risk is that there may be unregistered properties in the municipal area.	Housing Department and deeds office liaise regularly and preparation of a reconciliation is prepared between the municipality's records and the deeds office.
The risk is that quotations may be awarded to suppliers that provide false declarations.	Prospective bidders must complete declaration forms indicating their interests and whether or not they are in the service of the state.
The risk is that unauthorized changes could be made to the financial system, because vendors do not provide the municipality with a report/ audit trail of changes made when they access the system and this means that the changes they make on the system are not tracked / monitored.	Formal application form from line department, once approved access granted. No controls in place to request change management report.
The risk is that the management of user accounts for Promun and Syntell is inadequate.	SOP were developed for fire wall. Annual review of the user access as per ICT security policy. Monthly reports on the super user activities for Promun , Syntell and Ignite.
The risk is that the capital budget may not be utilised optimally.	Expansion of existing water and sanitation master plans to include water and wastewater treatment plants as well as bulk water sources. Compilation of prioritised list of capital projects for water and sanitation for implementation
The risk is that the streets network may be dilapidated.	Approved PMS plan providing an overview on the conditions of roads and recommendations.

The risk is that Storm Water may cause Flood Damage due to the inadequate storm water systems.	Implementation of Storm Water Master Plans Regular cleaning of storm water systems
The risk is that the municipality may not be complying with water and wastewater treatment standards	Expansion of existing water and sanitation master plans to include analysis of water and wastewater treatment plants management, processes, capacities and compilation of comprehensive operation manuals. Identification of training needs through skills audit. Improvement of Blue and Green Drop scores through regulatory compliance (WSDP, WSP, W2RAP, Blue and Green Drop Audits etc.)
The risk is that service delivery to the public may be unsatisfactory.	Review of organisational structure to reflect actual operational processes. Appointment of personnel in critical new posts.
The risk is that water may not be sufficiently available	Water conservation and water demand management. Compilation of Drought Management Plan
The risk is that there may be Illegal electricity connections.	Application of By-Law to disconnect illegal connections
The risk is that there may be unlawful land use in the Municipal jurisdiction	Implementation of law enforcement unit to apply applicable legislation/bylaws. Availing of legal capacity to implement legal action against transgressors.
The risk is that the municipality is approaching a shortage of Cemetery space in all towns	Consultant was appointed to identify possible sites for cemetery space.
The risk is that the public is not complying with the municipal by-laws	Development of a stray animals by law will be submitted to Council. Signing a SLA with the SPCA to collect stray animals
The risk is that municipal facilities and installations may be vandalized	Security Officials have been appointed at the Van Zyl Sport fields. Community & Stakeholder Involvement. 1. Panic buttons linked to a security company have been installed in every library. 2. Pepper spray was bought for each library with strict instructions about usage. Facilities only manned during office hours.

1.2.5 ORGANISATIONAL DEVELOPMENT OVERVIEW

The Municipality has an approved organisational structure which is reviewed together with the IDP on an annual basis. The organisational structure of the Municipality provides for five (5) section 56 positions and one (1) section 57 position. One of the section 56 positions is vacant. The overall vacancy rate of the Municipality for 2017/2018 was 5.6% (Budgeted posts).

Senior Management is capacitated and complies with the minimum requirements in terms of the National Qualifications Framework.

As required by the Skills Development Act, 1998 and the Sector Education Training Authorities Grant Regulations, 2012, the Municipality submitted its Workplace Skills Plan for staff training and development on 30 April 2018. The Municipality has a functional Training Committee.

1.2.6 AUDITOR GENERAL REPORT

The Auditor-General opinion for the 2017/2018 FY is still outstanding.

1.2.7. STATUTORY ANNUAL REPORT PROCESS

The Annual Report process follows in Table 12 below:

Table 12: Annual Report Process

Annual Report Process		
No.	Activity	Timeframe
1	Consideration of next financial year's Budget and IDP process plan. Except for the legislative content, the process plan confirms in-year reporting formats to ensure that reporting and monitoring feeds seamlessly into the Annual Report process at the end of the Budget/IDP implementation period	July
2	Implementation and monitoring of approved Budget and IDP commences (In-year financial reporting).	
3	Finalise the 4th quarter Report for previous financial year	
4	Submit draft year 1 Annual Report to Internal Audit and Auditor-General	
5	Municipal entities submit draft annual reports to MM	
6	Audit/Performance Committee considers draft Annual Report of Municipality and entities (where relevant)	August
8	Mayor tables the unaudited Annual Report	
9	Municipality submits draft Annual Report including consolidated annual financial statements and performance report to Auditor General	
10	Annual Performance Report as submitted to Auditor General to be provided as input to the IDP Analysis Phase	
11	Auditor General audits Annual Report including consolidated Annual Financial Statements and Performance data	September - October
12	Municipalities receive and start to address the Auditor General's comments	November
13	Mayor tables Annual Report and audited Financial Statements to Council complete with the Auditor- General's Report	
14	Audited Annual Report is made public and representation is invited	
15	Oversight Committee assesses Annual Report	
16	Council adopts Oversight report	December
17	Oversight report is made public	
18	Oversight report is submitted to relevant provincial councils	January
19	Commencement of draft Budget/ IDP finalisation for next financial year. Annual Report and Oversight Reports to be used as input	

It is important to achieve the above deadlines, not only to achieve legislative compliance, but to ensure the smooth running of municipal planning, budgeting, service delivery implementation and reporting cycles which all feed and depend on one another. The Municipal Annual Report also informs the planning process of other spheres of government, thus influencing our equitable share of future government grants.

The table below indicates which legislative requirements and timeframes in terms of the 2017/2018 Annual Report Process the Municipality complied with.

Table 13: Legislative Compliance of the 2017/2018 Annual Report Process

	Applicable Legislation	Comment
Annual Report tabled to Council within 7 months after end of financial year	MFMA Section 121(1)	The Annual Report was tabled in Council on 10/12/2018 - within 7 months after the end of the financial year
Annual Report made public for public comment	MFMA Section 127(5)	Communities were invited to make comments on the AR on 11/12/2018. The advert was published at www.langeberg.gov.za
Annual Report placed on website within 5 days after tabling in Council	MFMA Section 75	The Annual Report was placed on the municipal website on 11/12/2018.
Annual Report submitted to Provincial Treasury	MFMA Section 127(5)	The Annual Report was submitted to PT on 11/12/2018.

1.3 Committees of Council

1.3.1 Political Heads of Section 79 Committees

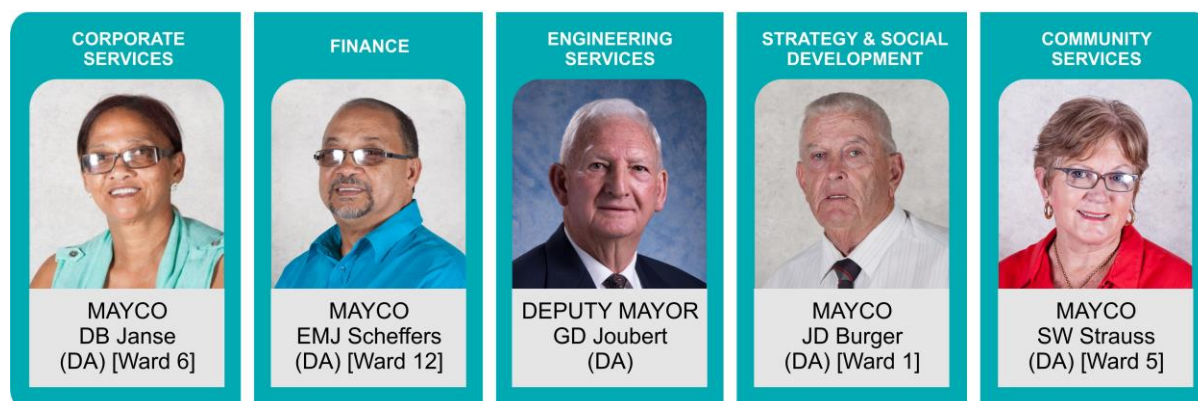


Table 14: Mayoral Committee

Councilors			Party	PR/Ward
1	Executive Mayor	Jansen HM, Alderman	DA	PR 1
2	Deputy Mayor	Joubert GD, Councilor	DA	PR 3
3	Mayco Member	Burger JD, Alderman	DA	Ward 1
4	Mayco Member	Janse DB, Councilor	DA	Ward 6
5	Mayco Member	Scheffers EMJ, Councilor	DA	Ward 12
6	Mayco Member	Strauss SW, Councilor	DA	Ward 5

1.3.2 Portfolio Committees

Table 15: Portfolio Committees

Portfolio Committee	Chairperson
Corporate Services	Cllr Beginzel NJ
Financial Services	Cllr Kriel J
Engineering Services	Cllr Nyamana WZ
Community Services	Cllr SJ Malgas (July – December 2017)
Community Services	Cllr HF Mangenengene (January – June 2018)
Strategy and Social Development	Cllr Hess P
Municipal Public Accounts	Cllr Swanepoel LM

1.3.3 Ward Committees and Community Participation

The municipality works together with Ward Committees in its public participation processes and reaches the community by disseminating information to them. This is done by engaging with them in consultation and by allowing community inputs in municipal decision-making regarding service delivery, developing credible IDPs, policy formulation, budgeting processes and organisational performance. For this purpose, the Ward Committees of Langeberg Municipality hold various meetings with the community e.g. IDP Community Input Meetings, Ward Based Planning Sessions and ordinary Community Feedback Meetings. The Council has twelve (12) Ward Committees. Each Ward Committee has approximately ten members. Ward Based Planning reviews were conducted in all twelve (12) wards.

Table 16: Ward Committees and Chairpersons

Ward Committee	Chairperson
Ward 1, Robertson	Cllr Burger JD
Ward 2, Robertson (Nkqubela)	Cllr Shibili AJ
Ward 3, Robertson	Cllr Hess P
Ward 4, Bonnievale (Happy Valley)	Cllr Januarie JJJS
Ward 5, McGregor	Cllr Strauss SW
Ward 6, Robertson	Cllr Janse DB
Ward 7, Montagu	Cllr Kriel J
Ward 8, Bonnievale	Cllr Van Eeden SW
Ward 9, Ashton	Cllr Beginsel NJ
Ward 10, Ashton (Zolani)	Cllr Nteta BH
Ward 11, Ashton (Rural)	Cllr Van Zyl JDF
Ward 12, Montagu	Cllr Scheffers EMJ

1.3.4 Community Liaison Workers

The Langeberg Municipality embraces the use of CLWs to strengthen effective, participative democracy in the municipality.

Table 17: Community Liaison Workers and their Linkage to Wards

CLW	Town/Area	Ward Deployed
Ms Junielle Frieslaar	Robertson	1 & 3
Mr Johannes Jansen	Robertson and Nkqubela	2 & 6
Mr Andries Willemse	McGregor	5
Ms Lindiwe Kahla	Bonnievale	4 & 8
Ms Nandipha Fikizolo	Zolani	10
Mr Petros Frans	Ashton	9 & 11
Ms Priscilla Carstens	Montagu	7 & 12

1.3.5 Performance Management Committee

The Municipal Systems Act 32 of 2000 requires the Langeberg Municipality to establish a performance management system that is commensurate with its resources, best suited to its circumstances and in line with the priorities, objectives, indicators and targets contained in this integrated development plan.

For the purpose of evaluating the performance of employees, an evaluation panel was established in terms of Section 6.6 of the Performance Agreement. It includes:

- Mr SA Mokweni, Municipal Manager
- Alderman H Jansen Executive Mayor
- Councillors attending the evaluations for the portfolio's they represent
- Mr M Shude, Chief Audit Executive
- Mr. D Nasson, Municipal Manager from Witzenberg
- Mr. E Abrahams, member of the Audit & Performance Committee
- Mr R King, Member of the Community for the Municipal Manager

1.3.6 Municipal Public Accounts (MPAC) Committees

In terms of the provision of Section 79 of the Local Government Municipal Structures Act, Act No. 117 of 1998, four (4) MPAC committee members were appointed to strengthen oversight within the municipality and to determine the institutional functionality of the Municipal Council in terms of effectiveness. The members of Langeberg Municipal Public Accounts

Committee are:

Cllr Swanepoel, LM	Member of Committee & Chairperson
Cllr Beginsel, NJ	Member of Committee
Cllr Kriel, J	Member of Committee
Cllr Mafilika, JS	Member of Committee

1.3.7 Audit & Performance Committee

The Audit & Performance Committee is responsible for the oversight of internal controls, financial reporting and compliance with regulatory matters. The members of the Langeberg Municipal Audit & Performance Committee are:

- Mr A Amod - Chairperson
- Mr K Pretorius
- Mr W L van Deventer
- Mr N Nicholls
- Mr E Abrahams

1.3.8 Anti-Corruption and Anti-Fraud

The following institutional arrangements are in place for the detection of fraud:

- An Internal Audit & Risk Management Unit has been established.
- Management takes steps against fraudulent actions.
- The Directors together with the Internal Audit & Risk Management Department identify risks.
- An Audit & Performance Committee approves the Internal Audit Plan.



CHAPTER TWO

Governance

In terms of Section 40 of the Constitution, the South African government is constituted as national, provincial and local spheres of government which are distinctive, interdependent and interrelated. All spheres of government must comply and adhere to the principles of the Constitution and must conduct their activities within the provisions of the Constitution. The Municipality represents the local sphere of government.

The purpose of this Annual Report is to promote accountability to communities, to highlight those decisions taken by the Council and matters relating to administrative structures, throughout the 2017/18 financial year.

To ensure good governance, nine major characteristics should be applied within the political and administrative structures of the municipality, namely; participation, rule of law, transparency, responsiveness, consensus, equity/inclusiveness, effectiveness/efficiency, accountability and sustainability.

Chapter 2 seeks to report on how the Municipality met these requirements with regards to handling its governance structures, intergovernmental relations, community participation and organisational management.

COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

The Constitution S151 (3) states that the council of a Municipality has the right to govern on its own initiative, the local government affairs of the local community.

The Municipality makes a clear distinction between the politically elected structure, namely Council, which is responsible for the oversight and legislative function, and the Administration.

The Council is chaired by the Speaker. The decision-making process is headed by the Executive Mayor together with the Mayoral Committee, who are full-time office bearers, involved in the day-to-day running of Council from a political perspective.

The Administration is headed by the Municipal Manager, who is the organisation's Accounting Officer.

Powers have been delegated to the different functions within the organisation to ensure that roles, responsibilities and decision-making are clear and unambiguous.

2.1 POLITICAL GOVERNANCE

In accordance with the MFMA Section 52 (a), the Mayor provides general political guidance over the fiscal and financial affairs of the municipality. To assist the Mayor with the exercise of political governance at Langeberg Municipality, a Portfolio Committee System is in place.

An established Oversight Committee comprises of non-executive councillors, with the specific purpose of providing Council with comments and recommendations on the Annual Report. The Oversight Committee Report will be published separately in accordance with MFMA guidance.

In addition, the Municipality also has an Audit & Performance Committee. This committee provides opinions and recommendations on financial processes and performance, as well as comments to the Oversight Committee on the Annual Report.

Political decisions are made by the Executive Mayor, in terms of the powers delegated to him by law, and by the Council. General council meetings are held on a monthly basis or Special Council Meetings, that are called when urgent decisions cannot wait for the scheduled monthly meetings.

The Council of the Municipality comprises of 12 Ward Councillors and 8 proportional representatives. **Appendix A** provides a full list of Councillors and committee allocations.

The table below provides a graphic illustration of Council's executive structure.

Table 21: Political Structure of Langeberg Municipality



2.2 ADMINISTRATIVE GOVERNANCE

The Municipal Manager and Head of Departments meet formally on a weekly basis. This meeting deliberate on service delivery issues and reports, that must be submitted to the Mayoral Committee or Council in terms of delegated powers, as well as on organisational management matters. The Senior Management Team also engages the Mayoral Committee to expedite the decision-making and service delivery process.

Table 18: Top Administrative Structure – Tier 1


TOP ADMINISTRATIVE STRUCTURE TIER 1	
MUNICIPAL MANAGER Mr SA MOKWENI	FUNCTIONS
	<ul style="list-style-type: none">• Accounting Officer of the Municipality• Strategy• Sound Financial Management• Improvement of communication and stakeholder Management

Table 19: Top Administrative Structure – Tier 2

TOP ADMINISTRATIVE STRUCTURE TIER 2		
		FUNCTIONS
	DIRECTOR: CORPORATE SERVICES Mr AWJ Everson (Section 56)	<ul style="list-style-type: none"> • Legal Services • Labour Relations • Governance Support • Administrative Support • Traffic Services • Human Resources
	DIRECTOR: FINANCIAL SERVICES (CFO) Mr B Brown (Section 56)	<ul style="list-style-type: none"> • Supply Chain Management • Budget Office • Expenditure Services • Revenue Services
	DIRECTOR: ENGINEERING SERVICES Mr IAB Van der Westhuizen (Section 56)	<ul style="list-style-type: none"> • Solid Waste • Electric Engineering Services • Civil Engineering Services • Project Management • Town Planning
	DIRECTOR: STRATEGY & SOCIAL DEVELOPMENT Ms CO Matthys (Section 56)	<ul style="list-style-type: none"> • Special Projects • Integrated Development Plan • SMME Development • Information Technology • Communications • Performance Management
	DIRECTOR: COMMUNITY SERVICES Mrs C Liebenberg July – Dec 2017 (Section 56)	<ul style="list-style-type: none"> • Community Facilities • Fire and Disaster Management • Housing • Libraries • Parks and Amenities

Table 20: Top Administrative Structure – Third Tier in 2017-2018

Top Administrative Structure – Third Tier in 2017/2018		
Department	Officials	Designation
Municipal Manager	Mr M Shude	Chief Audit Executive
Corporate Services	Mrs S Kotzé	Manager: Administrative Support
	Mr J C J Coetzee	Manager: Governance Support
	Mr T H Carstens	Manager: Human Resources
	Mr E Jooste	Manager: Labour Relations
	Mr A J Dondolo	Acting Manager: Traffic Services
Strategy & Social Development	Mr D van Schalkwyk	Manager: Social Development
	Mr M Z Prins	Mentee Manager: ICT
	Mr P W Salman	Manager: Local Economic Development
Financial Services	Mr CS Martin	Manager: Budget Office
	Mr ZS Qhanqisa	Manager: Income Services
	Mr CJ Franken	Manager: Expenditure Services
	Mr S Ngcongolo	Manager: Supply Chain Management
Civil Engineering Services	Mr M Johnson	Manager: Civil Engineering Services
	Mr C J Vorster	Manager: Electrical Engineering Services
	Mr G M Slingers	Manager: Solid Waste Management
	Mr N W Albertyn	Manager: Project Management
	Mr J V Brand	Manager: Town Planning
Community Services	Mr D J Baadjies	Manager: Community Facilities
	Michelle Hucklesby	Acting Manager: Parks & Amenities
	Vacant	Manager: Fire Services
	Mr M W Nel	Manager: Housing Administration
	Mrs C Joubert	Librarian

2.2.1 RISK MANAGEMENT MEETING THE REQUIREMENTS FOR POLITICAL AND ADMINISTRATIVE GOVERNANCE

This section reports on how the Municipality met the requirements of participation, rule of law, transparency, responsiveness, consensus, equity/inclusiveness, effectiveness/efficiency, accountability and sustainability with regards to handling its governance structures.

Sustainability and Productivity: The Municipality's political and administrative governance structures remained productive throughout 2017/2018 and complied well with legislative requirements. The following meetings were held:

Table 21: Council, Mayoral Committee and Portfolio Meetings 2017/2018

Meetings	2016/2017	Attendance	2017/2018	Attendance
Portfolio Committee Meetings	40	85%	50	85%
Mayoral Committee Meetings	6	97%	6	97%
Special Mayoral Committee Meetings	1	83%	- - -	- - -
Council Meetings	6	89%	7	95%
Special Council Meetings	6	90%	4	87%

Table 22: Ward Committee Meetings held in 2017/2018

Ward Committee	Chairperson	Number of meetings held in
Ward 1, Robertson	Cllr JD Burger	09
Ward 2, Robertson (Nkqubela)	AJ Shibili	09
Ward 3, Robertson	Cllr P Hess	09
Ward 4, Bonnievale (Happy Valley)	Cllr JJS Januarie	09
Ward 5, McGregor	Cllr SW Strauss	09
Ward 6, Robertson	Cllr DB Janse	09
Ward 7, Montagu	Cllr J Kriel	09
Ward 8, Bonnievale	Cllr SW van Eeden	09
Ward 9, Ashton	Cllr NJ Beginsel	09
Ward 10, Ashton (Zolani)	Cllr BH Nteta	09
Ward 11, Ashton (Rural)	Cllr JDF van Zyl	09
Ward 12, Montagu	Cllr EMJ Scheffers	09

Table 23: Audit & Performance Committee Meetings and Attendance

Audit Committee Members	Number of Meetings in 2016/2017	Member Attendance in 2016/2017	Number of Meetings in 2017/2018	Member Attendance in 2017/2018
Mr A Amod – Current Chairperson	5	3	6	6
Mr K Pretorius	5	5	6	4
Mr W van Deventer	5	5	6	5
Mr E Abrahams	5	3	6	6
Mr RG Nicholls	5	3	6	4

Municipal Public Accounts Committee

The MPAC met on:

- 24 July 2017
- 25 August 2017
- 07 September 2017
- 11 September 2017
- 09 November 2017
- 22 January 2018
- 05 March 2018

Accountability, Transparency and Rule of Law: Accountability is a key requirement of good governance and cannot be enforced without transparency and the rule of law. It means that stakeholders are provided with information on decisions that directly affect them and that legal frameworks are enforced impartially. Langeberg municipality's political and administrative governance structures are held accountable through various measures, all of which are adhered to.

Table 24: Governance Structures and Measures of Accountability

Governance Structures	Measures of Accountability
Council	Approved minutes are available on request. All Council proceedings are ruled by the <i>Council Rules of Order</i> . The councillor conduct is ruled by the <i>Code of Conduct for Councillors</i> .
Mayoral Committee	Mayco Meetings are scheduled and minutes are kept. Mayco reports to Council.
Ward Committees	Ward Councillors have a duty to provide feedback to Ward Committees and to Council. Meetings are scheduled and minutes are kept.
Portfolio committees	Responsible for oversight over administrative departments and report to Council monthly. Meetings are scheduled and minutes kept.
Municipal Public Accounts Committee	The MPAC serves as an oversight committee - to determine the institutional functionality of the Municipal Council in terms of effectiveness. An Oversight Report is tabled to Council.
The Municipality reports its annual performance financial statements to the Auditor General	The Auditor General delivers an AG Report and expresses an audit opinion.
The Municipality reports its annual performance financial status to its communities annually	The approved Annual Report is made available to the public.
Municipal structures, employees, operations, procedures and processes are ruled by legislation	Policies, Bylaws, Legislation, Regulations and Codes are available.
Worker Representative Unions represent employees on organisational structures and observe the legality of labour practices procedures and processes.	Representation on recruitment and selection panels: Interviews are recorded. Representation on Labour Forum: Minutes are recorded. Representation on Occupational Health and Safety Committee: Minutes are recorded.
Internal Auditing ensures the management of risk exposure and monitors adherence to legislation	The unit identifies municipal risk and generates a Municipal Risk Register. Internal Auditing reports are generated and tabled to the Audit & Performance Committee, which then reports to Council.
The Audit & Performance Committee is responsible for the oversight of internal controls, financial reporting and compliance with regulatory matters.	Audit & Performance Committee approves the Internal Audit Plan and reports to Council.
Community participation in the development of Policies and Strategies	Participative processes were scheduled and posted on the municipal website on: <ul style="list-style-type: none"> • 27/03/2018
IDP and Budgeting Participation	Participative processes were ensured with a Process Plan which was approved by Council on 21/08/2017.
Performance Management Committee	An evaluation panel, established in terms of Section 6.6 of the Performance Agreement, evaluates the performance of employees. Performance Agreements are signed on acceptance.
Organisational and Service Delivery Performance Reporting to Council	Quarterly Performance Reports on the SDBIP are tabled to Council. Dates tabled: 1 st Quarter: 24 October 2017 2 nd Quarter (midyear report): 30 January 2018 3 rd Quarter: 24 April 2018 4 th Quarter: 31 July 2018
Municipal Website promotes	The Municipal website is updated on a daily basis. All current events,

Governance Structures	Measures of Accountability
transparency	news articles, as well as required legislative documents (including budgets, tenders and vacancies) are updated on the website daily. Around 9125 unique visitors browsed the municipal website, on a monthly basis during the 2016/2017 year, and an average of 11278 per month in 2017/2018.

Effective and Efficient Governance means that governance structures and processes ensure community needs are met, with the best use of resources.

Table 25: Governance Structures and Measures of Effectiveness and Efficiency

Governance Structure	Measure of Effectiveness and Efficiency
Portfolio Committees monitor municipal service delivery and budget implementation	Quarterly Reporting to Council on the SDBIP Dates: 1 st Quarter: 24 October 2017 2 nd Quarter (Mid-Year Report): 30 January 2018 3 rd Quarter: 24 April 2018 4 th Quarter: 31 July 2018
Mayoral Committee ensures the mid-term assessment of performance, spending and budget	Mid-Term Assessment Report tabled to Council on 30 January 2018. Adjustment Budget Tabled to Council on 26 February 2018. Adjusted SDBIP tabled to Council on 26 February 2018.
Audit & Performance Committee ensures oversight of internal auditing and risk management processes	Internal Audit Plan. Audit & Performance Committee reports tabled to Council. Risk Register. Number of fraud cases reported and losses recovered.
Performance Management Committee	Performance Bonuses awarded. The performance management system is designed to reward superior performance. This linking increases overall organizational motivation and efficiency by focusing the executive management on the successful implementation of the IDP and Budget.

Equity and Inclusiveness: Society's well-being depends on ensuring that all its members have a stake in it and do not feel excluded from mainstream society. The political and administrative governance structures of the Municipality reflect equitable representation of the area's population. Different political parties are well-represented in Council, as well as both genders.

Consensus Orientation: To be consensus orientated means striving towards reaching a broad consensus on what is in the best interest of the whole community and also how it can be achieved. Langeberg's orientation towards reaching broad consensus unfolds through its scheduled and consultative IDP, Budget and Ward Based Planning processes.

Responsiveness: In trying to serve all stakeholders within a responsible timeframe, the governance structures of the Municipality adheres to set Council schedules, approved process plans and reporting cycles determined by Provincial and National Government spheres. This is maintained through administrative compliance monitoring and oversight.

Participation: Community participation in the governance structures of the Municipality is mainly achieved through the Ward Committees System and consultative meetings with the community and all sectors.

Community Participation, in the development or revision of policies and strategies, are achieved through scheduled consultation sessions and/or workshops and/or through website uploads for community review and comments. The following table lists the dates on which such uploads were posted.

Table 26: Website Uploads for Community Reviews and Comments in 2017/2018

WEBSITE UPLOADS FOR COMMUNITY REVIEWS AND COMMENTS IN 2017/2018	
Document	Date
MN Notice 33	04/07/2017
Calling on South Africans to submit written comments on the Communal Land Tenure Bill, that seeks to regulate communal land.	20/07/2018
Draft Annual Performance Report 2016/2017	12/06/2017
MN Notices 34, 35, 36, 37, 38, 40	03/08/2017
MN Notices 39, 41, 43, 44, 45	14/08/2018
Draft Integrated Zoning Scheme By-Law and Maps	15/08/2017
MN Notice: 34, 35, 36, 37, 38	25/08/2017
MN Notice 42	29/08/2017
MN Notice: 50	05/09/2017
Proposed alienation of a portion of municipal property situated on erf 491, Nkqubela, Robertson	12/09/2017
MN Notice: 55, 54, 52	15/09/2017
MN Notice: 47	26/09/2017
Calling for inspection of 5 th supplementary valuation roll of properties and lodging of objections before 20 November 2017.	09/10/2017
MN Notice: 57 - 61	17/10/2017
Lease municipal property, a portion of erf2 Nkqubela, Robertson to Sunshine Educare Crèche	24/10/2017
Establishment of Sport Councils	25/10/2017
MK Notice: 63	06/11/2017
MN Notice: 64, 65, 66, 67, 68, 69, 70, 71	14/11/2017
Notice for the Extension of validity period for Tender 30/2017	27/11/2017
Comment on the Draft Annual Report for the 2016/2017 financial year.	06/12/2017
The oversight report for the 2016/17 Annual Report served before a Statutory Meeting of Council on 30 January 2018	31/01/2018
Approved Annual Report 2016/2017	07/02/2018
Draft Pound By-Law	07/02/2018
Proposed Draft Amendments to the Existing Municipal Land Use Planning By-Law	13/02/2018

WEBSITE UPLOADS FOR COMMUNITY REVIEWS AND COMMENTS IN 2017/2018	
Document	Date
MN Notice: 1-2	13/02/2018
MN Notice: 3, 4, 5, 7 and 8	27/02/2018
MN Notice 11, 12, 13	13/03/2018
Calling on persons - Transferring of RDP houses	14/03/2018
Proposed Alienation of Municipal Property, A Portion of Remainder of Erf1 (\pm 30m ²), Montagu	19/03/2018
Proposed Lease of the Pavement in front of Erf 4618, Robertson	19/03/2018
Proposed Alienation of Municipal Property, a portion of remainder of Erf 1, Montagu	22/03/2018
MN Notice 15, 16, 17	28/03/2018
Draft Integrated Development Plan 2018-2019	28/03/2018
Draft Budget 2018/2019 – 2020/2021	28/03/2018
MN Notice 14 and 18	05/04/2018
Community Budget and IDP Meeting	11/04/2018
MN Notice 19 - 22	16/04/2018
MN Notice 27, 28, 29	26/04/2018
Calling nominations for the liquor licensing tribunal	09/05/2018
MN Notice 26, 30, 31, 32, 33, 34	22/05/2018
Amendment of existing contracts open for public input	31/05/2018
Approved Annual Budget for the 18/19-20/21 MTREF period.	01/06/2018
MN Notice 35, 36 and 38	05/06/2018
Determination of Tariffs for the Financial Year 1 July 2018 to 30 June 2019	13/06/2018

COMPONENT B: INTERGOVERNMENTAL RELATIONS

The MSA Section 3 requires that municipalities exercise their executive and legislative authority within the constitutional system of co-operative governance envisaged in the Constitution Section 41.

Langeberg Municipality strives to uphold its legislative authority and co-operative governance as required by the Constitution and other relevant legislation. In doing so, the Municipality maintains good co-operative and inter-governmental relations with the Cape Winelands District Municipality, neighbouring municipalities, Provincial and National Government and other government agencies. Maintaining good relations with other government spheres makes it possible to benefit from the various contributions to service delivery offered by government, by aligning municipal planning to the development objectives and targets of provincial and national sector departments. Such contributions include various grants, skills development and capacity building roll-outs which strengthen local government in its quest to improve service delivery.

A few of the intergovernmental platforms are reflected below.

2.3 INTERGOVERNMENTAL RELATIONS

Engagements attended by the Langeberg Municipal staff and Management - upholding good inter-governmental relations for the purpose of good governance, government - collaborated strategic direction, aligned planning, reporting, legislative compliance, accountability and participation in government programmes and roll-outs to benefit the development of Langeberg Municipality's administration, local area and communities, are tabled below.

Table 27: A, B, C, D, E: 2017/2018 IGR Engagements participated in by the Municipality

A. IGR ENGAGEMENTS FOR THE OFFICE OF THE MUNICIPAL MANAGER			
Meeting	Attended by	Hosted in	Date
WC Provincial Parliament	Municipal Manager	Cape Town	25/07/2017
WC Municipal Managers Forum	Municipal Manager	Arniston	18/08/2017
Premiers Coordinating Forum	Municipal Manager	Oudtshoorn	22/08/2017
Department of Education	Municipal Manager	Robertson	30/08/2017
Department of Human Settlements	Municipal Manager	Montagu	20/09/2017
Department of Education	Municipal Manager	Ashton	28/09/2017
SALGA	Municipal Manager	Cape Town	20/10/2017
IEC Address Harvesting	Municipal Manager	Bellville	03/11/2017
Department of Cultural Affairs & Sport	Municipal Manager	Green Market	07/11/2017
District Coordinating Forum	Municipal Manager	Worcester	10/11/2017
WC Municipal Managers Forum	Municipal Manager	Bergervier	24/11/2017
MinMayTech meeting	Municipal Manager	Somerset West	27/11/2017
MinMay Forum	Municipal Manager	Somerset West	28/11/2017
Gemeente Rheden (Netherlands)	Municipal Manager	Robertson	12 – 15/02/2018
District Coordinating Forum	Municipal Manager	Worcester	16/03/2018
National Department of Trade and Industry	Municipal Manager	Robertson	22/03/2018
LG MTEC Engagement	Municipal Manager	Robertson	02/05/2018
MinMay Meeting	Municipal Manager	Stilbaai	05/06/2018
WC Provincial Parliament	Municipal Manager	Ashton	08/06/2018

B. IGR ENGAGEMENTS FOR DEPARTMENT: STRATEGY AND SOCIAL DEVELOPMENT			
Meeting	Attended by	Hosted in	Date
CWD Forum Meeting	Director Strat & Soc Dev	Robertson	1/08/2017
Citizen Engagement App Steering	Director Strat & Soc Dev	Cape Town	8/8/2017
SEDA	Director Strat & Soc Dev	Robertson	21/8/2017
LED Forum meeting	Director Strat & Soc Dev	Ceres	25/8/2017
DSBD Meeting Informal Stalls	Director Strat & Soc Dev	Robertson	20/8/2017
IDP Forum meeting	Director Strat & Soc Dev	Paarl	4/9/2017
Integrated Mun Engagement	Director Strat & Soc Dev	Stellenbosch	23/10/2017
Stats SA Meeting	Director Strat & Soc Dev	Robertson	17/11/2017
EPWP Forum Meeting	Director Strat & Soc Dev	Robertson	24/11/2017
Drought Collateral Meeting	Director Strat & Soc Dev	Worcester	19/01/2018
Community Work Programme	Director Strat & Soc Dev	Saldanha	26/01/2018
ICT Forum Meeting	Director Strat & Soc Dev	Welgemoed	1/02/2018
EPWP District Forum	Director Strat & Soc Dev	Paarl	13/02/2018
DCF Meeting	Director Strat & Soc Dev	Worcester	16/02/2018
MSCOA	Director Strat & Soc Dev	Robertson	28/02/2018
DTI Meeting	Director strat & Soc Dev	Robertson	1/03/2018
IPSS Training	Director Strat & Soc Dev	Witzenberg	8/03/2018
LED Forum Meeting	Director Strat & Soc Dev	Stellenbosch	19/03/2018
IERM Meeting	Director Strat & Soc Dev	Franschhoek	26/03/2018
LED Revised Strategy Meeting	Director Strat & Soc Dev	Worcester	9/04/2018
IDP / Budget Meeting	Director Strat & Soc Dev	Worcester	17/04/2018
LGMTECH	Director Strat & Soc Dev	Langeberg Rob	2/05/2018

B. IGR ENGAGEMENTS FOR DEPARTMENT: STRATEGY AND SOCIAL DEVELOPMENT			
Meeting	Attended by	Hosted in	Date
DCF	Director Strat & Soc Dev	Worcester	4/5/2018
SEDA	Director Strat & Soc Dev	Robertson	28/5/2018
District IDP Managers Forum	Director Strat & Soc Dev	Ceres	1/06/2018
DSBD – review LED Strategy	Director Strat & Soc Dev	Robertson	14/6/2018
DCAS Programmes	Director Strat & Soc Dev	Robertson	18/06/2018

C. IGR ENGAGEMENTS FOR THE DEPARTMENT: CORPORATE SERVICES			
Meeting	Attended By	Hosted In	Date
LGSETA Meeting	VJ Matthys	Worcester	07/07/2017
CRF Breakfast Training	TH Carstens / JC Jeneke / VJ Matthys	Bellville	13/10/2017
SDF District Forum	VJ Matthys	Drakenstein	17/11/2017
PPPCOM Forum Meeting	Department of Local Government ,Ward Committee Coordinator	Parow	14/09/2017
Water Restrictions and drought awareness programme	Community Liaison Workers in conjunction with Engineering Department and Department of Water Affairs	Robertson	01/12/2017
SDF District Forum	VJ Matthys	Overstrand	16/02/2018
MIE Training	VJ Matthys / V Titus	Cape Town	26/02/2018
Attending course Integrated Community Development Planning	Community Liaison Worker - Mr Petrus Frans Provincial Department of Local Government	Durbanville	26/02/2018–02/03/2018.
SDF Capacity Workshop	VJ Matthys	Arniston	07-09/03/2018
NPO summit –Montagu	Community Liaison Worker and Department Of Social Development	Montagu	13/03/2018
Special meeting rural wards with CWDM –Ashton	Community Liaison Workers, Ward Councillors Wards 5,6,7,8,9,11 and 12 ,Cape Winelands District Municipality	Ashton	27/03/2018
Know your ward campaign –ward committee distribute posters and calendar's	Ward Committees , Community Liaison Workers and Provincial Department of Local Government	Wards 1 till 12 in all Langeberg Municipality towns	03-06/04/2018
Disabled database identification	Community Liaison Workers in conjunction with Department of Health	Robertson	02-18/05/2018
Capacity Building Working Group	TH Carstens	Cape Town	17/05/2018
SDF Forum	VJ Matthys	Worcester	18/05/2018
PROV SDF Forum	VJ Matthys	Worcester	24-25/05/2018
Nominations Ward Committees Dept. Health –Clinic committee	Community Liaison Workers, Ward Committees in conjunction with Department of Health	Wards 1 till 12 in all Langeberg Municipality towns	02-18/05/2018

C. IGR ENGAGEMENTS FOR THE DEPARTMENT: CORPORATE SERVICES			
Meeting	Attended By	Hosted In	Date
Attend meeting ICROP –SASSA Distribution of pamphlets ward 5	SASSA ,Home Affairs SAPS and ACVV	Robertson Thusong Centre	11/05/2018
Attending meeting Provincial Department Of Community Development	Ward Committee Coordinator , Provincial Department Of Community Development	Montagu	07-09/05/2018
Provincial Steering Committee meeting Provincial Department of Local Government	Ward Committee Coordinator , Provincial Department of Local Government	Robertson	17/05/2018
PPPCOM Forum Meeting	Ward Committee Coordinator , Provincial Department of Local Government	Robertson	18/05/2018
SASSA ICROP Outreach event	Community Liaison Workers and Ward Committee	Le Chasseur- Ward 5	18/05/2018
SASSA ICROP Meeting	Community Liaison Workers and Ward Committee , Community Development Worker – Provincial Department Of Local	Montagu Wards 7 and 12	28 /05/2018
SASSA ICROP Outreach event	Community Liaison Workers and Ward Committee , Community Development Worker – Provincial Department Of Local	Montagu –Wards 7 and 12	15/06/2018
Ward Councillors Summit	Department of Local Government and SAPS Robertson	Robertson - Wolfkloof	20/06/2018
Youth Holiday Programme –	MAG, ACVV and SAPS, Community Liaison Worker Community Development Worker – Provincial Department Of Local	MAG -Ward 12	27-28/06/2018
Ward 6 Youth holiday programme –	Community Liaison Workers Department of Correctional Service, Department of Social Development ,SAPS and Department of Justice ,Cape Access, Department of Health, Department of Education, National Prosecution Office, Langeberg Municipality –Civil Engineering, Solid Waste, Community Services, Traffic Department and Fire & Disaster Management	Madeba – Robertson Ward 6	03 – 06/07/2017

C. IGR ENGAGEMENTS FOR THE DEPARTMENT: CORPORATE SERVICES			
Meeting	Attended By	Hosted In	Date
PPPCOM Forum Meeting	Department of Local Government ,Ward Committee Coordinator	Parow.	14/09/2017
Ward Councillors Summit	Department of Health –Clinic Head and Regional Manager – District Hospital	Excelsior	17/10/2017
Water Restrictions and drought awareness programme	Community Liaison Workers in conjunction with Engineering Department and Department of Water Affairs	Robertson	01/12/2017
Attending course Integrated Community Development Planning	Community Liaison Worker - Mr Petrus Frans Provincial Department of Local Government	Durbanville	26/02/2018 – 02/03/2018.
NPO summit – Montagu	Community Liaison Worker and Department Of Social Development	Montagu	13/03/2018
Special meeting rural wards with CWDM – Ashton	Community Liaison Workers ,Ward Councillors Wards 5,6,7,8,9,11 and 12 ,Cape Winelands District Municipality	Ashton	27/03/2018
Know your ward campaign – Ward committee distribute posters and calendar's	Ward Committees , Community Liaison Workers and Provincial Department of Local Government	Wards 1 till 12 in all Langeberg Municipality towns	03-06/04/2018
Disabled database identification	Community Liaison Workers in conjunction with Department of Health	Robertson	02-18/05/2018
Nominations Ward Committees Dept. Health – Clinic committee	Community Liaison Workers, Ward Committees in conjunction with Department of Health	Wards 1 till 12 in all Langeberg Municipality towns	02-18/05/2018
Attend meeting ICROP – SASSA Distribution of phamphlets Ward 5	SASSA ,Home Affairs SAPS and ACVV	Robertsonb Thusong sentrum	11/05/2018
Attending meeting Provincial Department Of Community Development	Ward Commitee Coordinator , Provincial Department Of Community Development	Montagu	07 - 09/05/2018
Provincial Steering Committee meeting Provincial Department of Local Government	Ward Commitee Coordinator , Provincial Department of Local Government	Robertson	17/05/2018

C. IGR ENGAGEMENTS FOR THE DEPARTMENT: CORPORATE SERVICES			
Meeting	Attended By	Hosted In	Date
PPPCOM Forum Meeting	Ward Committee Coordinator , Provincial Department of Local Government	Robertson	18/05/2018
SASSA ICROP Outreach event	Community Liaison Workers and Ward Committee	Le Chasseur- Ward 5	18/05/2018
SASSA ICROP Meeting	Community Liaison Workers and Ward Committee , Community Development Worker – Provincial Department Of Local	Montagu Wards 7 and 12	28 /05/2018
SASSA ICROP Outreach event	Community Liaison Workers and Ward Committee , Community Development Worker – Provincial Department Of Local	Montagu – Wards 7 and 12	15/06/2018
Ward Councillors Summit	Department of Local Government and SAPS Robertson	Robertson - Wolfkloof	20/06/2018
Youth Holiday Programme –	MAG ,ACVV and SAPS, Community Liaison Worker Community Development Worker – Provincial Department Of Local	MAG -Ward 12	27-28/06/2018

D. IGR ENGAGEMENTS FOR THE DEPARTMENT: FINANCE			
Meeting	Attended by	Hosted in	Date
Finance Misconduct Workshop	Mr B Brown, Mr S Ngcongolo	Cape Town	27 & 27/07/2017
Auditor General's Meeting	Mr B Brown	Worcester	07/08/2017
3rd SCM & LED Indaba Steercom Meeting	Mr S Ngcongolo	Paarl	21/08/2017
Refunds Training Session	Mr P Albanie, Mrs Y Nogaga	Worcester	24/08/2017
SARS Training	Mr C Franken, Mrs M Matthee	Cape Town	06/09/2017
Chief Financial Forum Meeting	Mr B Brown	Piekenierskloof	08/09/2017
Asset Management Project - Focus Group Session	Mrs K Meiring, Mr G Fielies	Stellenbosch	18/09/2017
Municipal Support System Workshop	Mrs C Joubert	Cape Town	21 & 22 /09/2017
Supply Chain Management Forum	Mr S Ngcongolo	Worcester	06/10/2017
NT MSCOA Engagement WC	Mr C Martin, Mr S Ngcongolo, Mr Z Qhanqisa, Mr C Franken	Cape Town	11/10/2017

D. IGR ENGAGEMENTS FOR THE DEPARTMENT: FINANCE			
Meeting	Attended by	Hosted in	Date
Annual Budget and In-Year Monitoring training	Mr C Martin, Mr C Scheepers	Worcester	16 & 17 & 18/10/2017
Municipal Accounting Working Committee	Mr B Brown, Mr C Martin	Mossel Bay	20/10/2017
MFMIIP Project Meeting	Mr C Martin, Mr S Ngcongolo, Mr Z Qhanqisa, Mr C Franken	Worcester	24/10/2017
MFMIIP Project Meeting	Mr S Tiwana, Mr C Scheepers, Ms M Ruiters, Ms W Mancoba	Worcester	25/10/2017
Contract Management Training	Mr B Brown	Tulbagh	26 & 27/10/2017
Contract Management Training	Mr S Ngcongolo	Tulbagh	25 & 26/10/2017
Asset Management Framework Development training	Mr C Martin, Mr G Fielies, Mrs K Meiring	Worcester	02 & 03/11/2017
Municipal Accountants Forum	Mr C Martin, Mr C Scheepers	Velddrift/Porterville region	09 & 10/11/2017
Revenue Management Master Class	Mr Z Qhanqisa, Mr B Cavernelis, Mr M Njani	Worcester	15 & 16/11/2017
Local Government Indaba Workshop	Mr B Brown, Mr S Ngcongolo	Goudini Spa	20 & 21/11/2017
Chief Financial Forum Meeting	Mr B Brown	Oudtshoorn	04 & 05/12/2017
Data Analytics training	Mr S Ngcongolo, Mr C Franken	Worcester	30/01/2018 - 02/02/2018
Audit Excellence Awards	Mr B Brown	Cape Town	19/02/2018
Contract Management Training	Mr B Brown, Mr S Ngcongolo	Stellenbosch	19 & 20 & 21/02/2018
Municipal Accountants Forum	Mr B Brown, Mr C Martin, Mr M Shude	Tulbagh	23/02/2018
Supply Chain Management Forum	Mr S Ngcongolo	Paarl	02/03/2018
Chief Financial Forum meeting	Mr B Brown	Riversdale	09/03/2018
Municipal Support System Workshop	Mrs C Joubert, Ms C Joubert	Goudini Spa	15 & 16/03/2018
MPRA Focus Group Meeting	Mr Z Qhanqisa, Mr B Cavernelis, Mr P Albanie, Mrs Y Nogaga	Worcester	23/03/2018
Western Cape Accounting Working Meeting	Mr B Brown, Mr C Martin, Mr M Shude	Worcester	13/04/2018
Site visit to Breede River Municipality	Mr B Brown, Mr S Ngcongolo, Mr C Franken, Mr Z Qhanqisa, Mr C Martin	Worcester	18/04/2018
R Data User Group meeting	Mr S Ngcongolo, Mr J Mfutwana	Paarl	03 & 04/05/2018
SLIMS User Group meeting	Mrs C Joubert	Cape Town	14/05/2018
SAMRAS User Group: Bytes System Integration	Mr B Brown, Mr S Ngcongolo, Mr C Franken, Mr Z Qhanqisa, Mr C Martin	Overstrand municipality	14/05/2018
5th Annual Smart Procurement World Conference	Mr S Ngcongolo	Grand West, Cape Town	16 & 17/05/2018

D. IGR ENGAGEMENTS FOR THE DEPARTMENT: FINANCE			
Meeting	Attended by	Hosted in	Date
1st Asset Management Forum Meeting	Mrs K Meiring and Mr G Fielies	Paarl	25/05/2018
CIGFARO Western Cape Branch Meeting	Mr B Brown, Mr S Ngcongolo, Mr C Franken, Mr Z Qhanqisa, Mr C Martin	Goudini Spa, Worcester	04 & 05/06/2018
Municipal Accountants Forum Meeting	Mr Brown, Mr C Martin and Mr M Shude	Swellendam	06 & 07/06/2018
SAMRAS User Group: Bytes System Integration	Mr B Brown, Mr S Ngcongolo, Mr C Franken, Mr Z Qhanqisa,	Foreshore, Cape Town	13/06/2018
Site visit to Saldanha Bay Municipality	Mr B Brown, Mr S Ngcongolo, Mr C Franken, Mr Z Qhanqisa, Mr C Martin and Mr M Shude	Saldanha Bay Municipality	14 & 15/06/2018
Mubesko - 10th Annual Municipal Finance Seminar	Mr B Brown, Mr S Ngcongolo, Mr C Franken, Mr Z Qhanqisa, Mr C Martin	Mossel Bay	18 & 19 & 20/06/2018
MSCOA Refresher Awareness Training	Mrs C Gous, Mr B Cavernelis and Mr C Scheepers	Worcester	19/06/2018
Chief Financial Forum meeting	Mr B Brown	Allesverloren, Malmesbury	22/06/2018

E. IGR ENGAGEMENTS FOR THE DEPARTMENT: COMMUNITY SERVICES			
Meeting	Attended by	Hosted in	Date
Langeberg Outreach (MOP)	C Liebenberg	McGregor Hall	06/07/2017
Human settlement Technical Meeting	C Liebenberg, W Nel	Robertson	07/07/2017
Housing Coordination Meeting	C Liebenberg, , Nel	Drakenstein	26/07/2017
Meaningful Engagement	C Liebenberg, W Nel	Robertson	03/08/2017
Layout Plan Nkanini	C Liebenberg, W Nel,	Robertson	19/07/2017
IERM Provincial Meeting	C Liebenberg, Z Lesia, M Hucklesby	Hermanus	25/07/2017
Meaningful Engagement	C Liebenberg, W Nel	Robertson	09/10/2017
Housing Coordination Meeting	C Liebenberg, W Nel	Ceres	25/10/2017
27 Regional Housing	W Nel	Stellenbosch	24/01/2018
Technical Meeting – Affordable	W Nel	Municipal office –	13/02/2018
Quarterly Regional Meeting	W Nel	Stellenbosch	14/02/2018
4 th ISSP	W Nel	Cape Town	9/03/2018
Langeberg Municipal Outreach Project Provincial Steering Committee Meeting	W Nel	Robertson – Nekkies	14/03/2018 16/03/2018
Accreditation and Assignment of Municipalities Meeting	W Nel	Malmesbury	17/04/2018
Standing Committee Workshop	W Nel	DOHS	20/04/2018
Quarterly Regional Co-ordination	W Nel	Breede Valley	16/05/2018
Human Settlement Co-ordinating	W Nel	Robertson	25/05/2018
GMA: Cape Winelands Workshop	W Nel	Stellenbosch	31/05/2018
ISSP Forum Meeting	W Nel	Cape Town – 27	8/06/2018
Minister Madikizela : Meeting with all	W Nel	Cape Town Lodge	12/06/2018
TRP	W Nel	Nekkies	29/06/2018

COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

The MSA Section 15 (b): requires a municipality to establish and organise its administration and to facilitate a culture of accountability amongst its staff. Section 16 (i): states that a municipality must develop a system of municipal governance that complements formal representative governance with a system of participatory governance. Section 18 (i) (d): requires a municipality to supply its community with information concerning municipal governance, management and development.

The Municipality actively pursues meaningful public participation. This section reports on how Langeberg Municipality met the above legislative requirements, through a discussion of the characteristics through which accountability and participative governance must adhere to.

Sustainable Participation: The Ward Committee System provides Langeberg Municipality with a powerful governance structure through which public accountability and community participation are promoted and strengthened. Being fully capacitated and institutionalised in each of the twelve wards, the foundation has been laid to sustain a fully functional system for a continuous, two-way information flow and engagement between the municipality and the community. The Ward Committee Chairpersons per ward are set out in the table below:

Table 28: Ward Committee Chairpersons per Ward in 2017/2018

Ward Committee	Chairperson
Ward 1 – Robertson	Cllr JD Burger
Ward 2 – Robertson Nkqubela	Cllr AJ Shibili
Ward 3 – Robertson	Cllr P Hess
Ward 4 – Bonnievale (Happy Valley)	Cllr JJS Januarie
Ward 5 – McGregor	Cllr SW Strauss
Ward 6 – Robertson	Cllr DB Janse
Ward 7 - Montagu	Cllr J Kriel
Ward 8 – Bonnievale	Cllr SW Van Eeden
Ward 9 – Ashton	Cllr N Beginsel
Ward 10 – Ashton Zolani	Cllr BH Nteta
Ward 11 – Ashton Rural	Cllr JDF Van Zyl
Ward 12 - Montagu	Cllr EMJ Scheffers

Transparency and the Rule of Law: The following tables indicate the dates on which the Municipality invited the community to participate in the development of Municipal directives and documents, as advertised on the municipal website in 2017/2018.

2.4 PUBLIC MEETINGS

Effectiveness and efficiency: In order to produce results that meet the needs of the Langeberg communities, thereby ensuring participative effectiveness and efficiency, community consultation took place on various issues throughout the year.

The table below reflects the Ward Based Planning Sessions held throughout the area in 2017/2018.

Table 29: Ward Based Planning Sessions in 2017/2018

Ward	Date	Venue
1	11 November 2017	Bonnievale, Happy Valley Community Hall
2	11 November 2017	Bonnievale, Happy Valley Community Hall
3	11 November 2017	Bonnievale, Happy Valley Community Hall
4	11 November 2017	Bonnievale, Happy Valley Community Hall
5	11 November 2017	Bonnievale, Happy Valley Community Hall
6	11 November 2017	Bonnievale, Happy Valley Community Hall

Ward	Date	Venue
7	11 November 2017	Bonnievale, Happy Valley Community Hall
8	11 November 2017	Bonnievale, Happy Valley Community Hall
9	11 November 2017	Bonnievale, Happy Valley Community Hall
10	11 November 2017	Bonnievale, Happy Valley Community Hall
11	11 November 2017	Bonnievale, Happy Valley Community Hall
12	11 November 2017	Bonnievale, Happy Valley Community Hall

Equity and Inclusiveness: In order to facilitate inclusive participation in mainstream society, Ward Committees reached out to communities - creating opportunities to improve and/or maintain their well-being.

The table below reflects the Ward Committee Outreach Programmes in 2017/2018.

Table 30: Ward Committee Outreach Programmes in 2017/2018

Ward	Date	Programmes
1	17/10/2017	Ward Councillors Summit – Excelsior Ashton
	11/11/2017	Ward Based Planning - Happy Valley Community Hall
	25/11/2017	Ward Summit - Robertson Civic Centre
	01/12/2017	Water Restrictions and Drought Awareness Programme
	21-28/01/2017	Ward Committee Training - Callie De Wet Sport Centre
	03-06/04/2018	Know Your Ward Campaign – Ward committee distribute posters and calendar's Indigent Subsidy Awareness Programme
	09-14/04/2018	Disabled Database Identification
	02-18/05/2018	Nominations Ward Committees Depth Health – Clinic committee
	02-18/05/2018	Ward Councillors Summit – Wolfkloof
	20/06/2018	
2	17/10/2017	Ward Councillors Summit – Excelsior Ashton
	11/11/2017	Ward Based Planning - Happy Valley Community Hall
	25/11/2017	Ward Summit - Robertson Civic Centre
	01/12/2017	Water Restrictions and Drought Awareness Programme
	21-28/01/2017	Ward Committee Training - Callie De Wet Sport Centre
	03-06/04/2018	Know Your Ward Campaign – Ward committee distribute posters and calendar's Indigent Subsidy Awareness Programme
	09-14/04/2018	Disabled Database Identification
	02-18/05/2018	Nominations Ward Committees Depth Health – Clinic committee
	02-18/05/2018	Ward Councillors Summit – Wolfkloof
	20/06/2018	
3	17/10/2017	Ward Councillors Summit – Excelsior Ashton
	11/11/2017	Ward Based Planning - Happy Valley Community Hall
	25/11/2017	Ward Summit - Robertson Civic Centre
	01/12/2017	Water Restrictions and Drought Awareness Programme
	21-28/01/2017	Ward Committee Training - Callie De Wet Sport Centre
	03-06/04/2018	Know Your Ward Campaign – Ward committee distribute posters and calendar's

Ward	Date	Programmes
	09-14/04/2018 02-18/05/2018 02-18/05/2018 20/06/2018	Indigent Subsidy Awareness Programme Disabled Database Identification Nominations Ward Committees Depth Health – Clinic committee Ward Councillors Summit – Wolfkloof
4	17/10/2017 11/11/2017 25/11/2017 01/12/2017 21-28/01/2017 03-06/04/2018 09-14/04/2018 02-18/05/2018 02-18/05/2018 20/06/2018	Ward Councillors Summit – Excelsior Ashton Ward Based Planning - Happy Valley Community Hall Ward Summit - Robertson Civic Centre Water Restrictions and Drought Awareness Programme Ward Committee Training - Callie De Wet Sport Centre Know Your Ward Campaign – Ward committee distribute posters and calendar's Indigent Subsidy Awareness Programme Disabled Database Identification Nominations Ward Committees Depth Health – Clinic committee Ward Councillors Summit – Wolfkloof
5	17/10/2017 11/11/2017 25/11/2017 01/12/2017 21-28/01/2017 27/03/2018 03-06/04/2018 09-14/04/2018 02-18/05/2018 11/05/2018 20/06/2018	Ward Councillors Summit – Excelsior Ashton Ward Based Planning - Happy Valley Community Hall Ward Summit - Robertson Civic Centre Water Restrictions and Drought Awareness Programme Ward Committee Training - Callie De Wet Sport Centre Special meeting rural wards with CWDM – Ashton Know your ward campaign – Ward committee distribute posters and calendar's Indigent Subsidy Awareness Programme Nominations Ward Committees Depth Health – Clinic committee SASSA Outreach Event – Le Chasseur Ward Councillors Summit – Wolfkloof
6	03-06/07/2017 17/10/2017 11/11/2017 25/11/2017 01/12/2017 21-28/01/2017 27/03/2018 03-06/04/2018 09-14/04/2018 02-18/05/2018	Ward 6 Youth holiday programme – Madeba Ward Councillors Summit – Excelsior Ashton Ward Based Planning - Happy Valley Community Hall Ward Summit - Robertson Civic Centre Water Restrictions and Drought Awareness Programme Ward Committee training - Callie De Wet Sport Centre Special Meeting Rural Wards with CWDM – Ashton Know your Ward Campaign – Ward committee distribute posters and calendar's Indigent Subsidy Awareness Programme Disabled Database Identification Nominations Ward Committees Depth Health – Clinic committee

Ward	Date	Programmes
	02-18/05/2018 20/06/2018	Ward Councillors Summit – Wolfkloof
7	17/10/2017 11/11/2017 25/11/2017 01/12/2017 21-28/01/2017 13/03/2018 27/03/2018 03-06/04/2018 09-14/04/2018 02-18/05/2018 15/06/2018 20/06/2018	Ward Councillors Summit – Excelsior Ashton Ward Based Planning - Happy Valley Community Hall Ward Summit - Robertson Civic Centre Water Restrictions and Drought Awareness Programme Ward Committee training - Callie De Wet Sport Centre NPO Summit – Montagu Special meeting rural wards with CWDM –Ashton Know your ward campaign – Ward committee distribute posters and calendar's Indigent Subsidy Awareness Programme Nominations Ward Committees Depth Health – Clinic committee SASSA Outreach event – Montagu Ward Councillors summit – Wolfkloof
8	17/10/2017 11/11/2017 25/11/2017 01/12/2017 21-28/01/2017 27/03/2018 03-06/04/2018 09-14/04/2018 02-18/05/2018 20/06/2018	Ward Councillors Summit – Excelsior Ashton Ward Based Planning - Happy Valley Community Hall Ward Summit - Robertson Civic Centre Water Restrictions and Drought Awareness Programme Ward Committee Training - Callie De Wet Sport Centre Special Meeting Rural Wards with CWDM – Ashton Know Your Ward Campaign – Ward committee distribute posters and calendar's Indigent Subsidy Awareness Programme Nominations Ward Committees Depth Health – Clinic committee Ward Councillors summit – Wolfkloof
9	17/10/2017 11/11/2017 25/11/2017 01/12/2017 21-28/01/2017 27/03/2018 03-06/04/2018 09-14/04/2018 02-18/05/2018 20/06/2018	Ward Councillors Summit – Excelsior Ashton Ward Based Planning - Happy Valley Community Hall Ward Summit - Robertson Civic Centre Water Restrictions and Drought Awareness Programme Ward Committee training - Callie De Wet Sport Centre Special meeting rural wards with CWDM – Ashton Know Your Ward Campaign – Ward committee distribute posters and calendar's Indigent Subsidy Awareness Programme Nominations Ward Committees Depth Health – Clinic committee Ward Councillors summit – Wolfkloof
10	17/10/2017	Ward Councillors Summit – Excelsior Ashton

Ward	Date	Programmes
	11/11/2017 25/11/2017 01/12/2017 21-28/01/2017 03-06/04/2018 09-14/04/2018 02-18/05/2018 20/06/2018	Ward Based Planning - Happy Valley Community Hall Ward Summit - Robertson Civic Centre Water Restrictions and Drought Awareness Programme Ward Committee Training - Callie De Wet Sport Centre Know Your Ward Campaign – Ward committee distribute posters and calendar's Indigent Subsidy Awareness Programme Nominations Ward Committees Depth Health – Clinic committee Ward Councillors summit – Wolfkloof
11	17/10/2017 11/11/2017 25/11/2017 01/12/2017 21-28/01/2017 27/03/2018 03-06/04/2018 09-14/04/2018 02-18/05/2018 20/06/2018	Ward Councillors Summit – Excelsior Ashton Ward Based Planning - Happy Valley Community Hall Ward Summit - Robertson Civic Centre Water Restrictions and Drought Awareness Programme Ward Committee Training Callie De Wet Sport Centre Special Meeting Rural Wards with CWDM – Ashton Know Your Ward Campaign – Ward committee distribute posters and calendar's Indigent Subsidy Awareness Programme Nominations Ward Committees Depth Health – Clinic committee Ward Councillors Summit – Wolfkloof
12	17/10/2017 11/11/2017 25/11/2017 01/12/2017 21-28/01/2017 13/03/2018 27/03/2018 03-06/04/2018 09-14/04/2018 02-18/05/2018 15/06/2018 20/06/2018 27-28/06/2018	Ward Councillors Summit – Excelsior Ashton Ward Based Planning - Happy Valley Community Hall Ward Summit - Robertson Civic Centre Water Restrictions and Drought Awareness Programme Ward Committee Training Callie De Wet Sport Centre NPO Summit – Montagu Special Meeting Rural Wards with CWDM – Ashton Know Your Ward Campaign – Ward committee distribute posters and calendar's Indigent Subsidy Awareness Programme Nominations Ward Committees Depth Health – Clinic committee SASSA Outreach Event – Montagu Ward Councillors Summit – Wolfkloof Ward 12 –Youth Holiday Programme – MAG

Consensus Orientation: To be consensus orientated, the Municipality strives towards reaching broad consensus on what is in the best interest of the community and also how it can be achieved. The IDP process served this purpose. The table below reflects the IDP Community Input Meetings held in 2017/2018.

Table 31: IDP Community Input Meetings held in 2017/2018

IDP Community Input Meetings held in 2017/2018			
Date	Wards	Town	Venue
03/10/2017	4	Bonnievale	Happy Valley Community Hall
04/10/2017	2	Nkqubela	Nkqubela Community Hall
05/10/2017	6	Robertson	De Hoop Hall
06/10/2017	3	Robertson	Robertson Civic Hall
10/10/2017	5	McGregor	McGregor Community Hall
11/10/2017	11	Ashton	Ashton Town Hall
12/10/2017	7	Montagu	Wilhelm Thys Hall
13/10/2017	10	Ashton	Rholihlahla Community Hall
17/10/2017	12	Montagu	Kabouterland Community Centre
18/10/2017	8	Bonnievale	Chris v Zyl Hall
19/10/2017	9	Ashton	Barnard Community Hall
20/10/2017	1	Robertson	Robertson Town Hall
22/10/2017	All Sectors	Robertson	Robertson Town Hall

Transparency: In order to be transparent, stakeholders and communities were informed of decisions and actions that affected them directly. Ward Committees gave regular feedback to their communities. The table below reflects the Ward Committee – Community (Feedback) Meetings held in 2017/2018.

Table 32: Ward Committee – Community (Feedback) Meetings held in 2017/2018

Ward Committee – Community (Feedback) Meetings held in 2017/2018				
Ward	Date		Date	
	2017	2017	2018	2018
1	24/08/2017	04/10/2017	13/03/2018	12/06/2018
2	26/07/2017	27/09/2017	13/03/2018	05/06/2018
3	17/08/2017	11/10/2017	15/03/2018	12/06/2018
4	17/08/2017	21/10/2017	08/03/2018	14/06/2018
5	23/08/2017	10/10/2017	20/03/2018	05/06/2018
6	27/07/2017	17/10/2017	12/03/2018	06/06/2018
7	16/08/2017	12/10/2017	14/03/2018	20/06/2018
8	21/08/2017	03/10/2017	19/03/2018	18/06/2018
9	21/07/2017	16/10/2017	08/03/2018	21/06/2018
10	30/08/2017	02/10/2017	14/03/2018	13/06/2018
11	24/08/2017	05/10/2017	20/03/2018	19/06/2018
12	19/09/2017	28/09/2017	15/03/2018	04/06/2018

Table 33: Ward Committee – IDP Community (Feedback) Meetings held in 2017/2018

Ward Committee – IDP Community (Feedback) Meetings held in 2017/2018		
Ward	Date	
	2017	2018
1	04/10/2017	16/04/2018
2	27/09/2017	24/04/2018
3	11/10/2017	16/04/2018
4	21/10/2017	18/04/2018
5	10/10/2017	16/04/2018
6	17/10/2017	19/04/2018
7	12/10/2017	17/04/2018

Ward Committee – IDP Community (Feedback) Meetings held in 2017/2018		
Ward	Date	Date
	2017	2018
8	03/10/2017	18/04/2018
9	16/10/2017	17/04/2018
10	02/10/2017	17/04/2018
11	05/10/2017	18/04/2018
12	28/09/2017	10/04/2018

The tables following below reflect the Ward Block Meetings held in 2017/2018.

Table 34: Ward 1 - Block Meetings held in 2017/2018

Ward 1 - Block Meetings held in 2017/2018					
Block	Committee Member	1 st Quarter 2017	2 nd Quarter 2017	3 rd Quarter 2018	4 th Quarter 2018
1	Mr Rossouw	None	None	01/03/2018	None
2	Mr Kriel	28/09/2017	01/10/2017	15/02/2018	07/05/2018
3	Mr Van Rensburg	Vacant	Vacant	09/03/2018	None
4	Ms Kannemeyer	12/07/2017	None	None	24/04/2018
5	Mr Smith	None	None	08/03/2018	None
6	Ms Vos	None	None	15/03/2018	None
7	Mr Veldsman	27/07/2017	None	28/02/2018	24/05/2018
8	Mr Koert	None	None	20/03/2018	None
9	Ms Tiras	2/10/2017	10/11/2017	14/03/2018	03/07/2018
10	Ms Joseph	13/09/2017	18/10/2017	07/02/2018	06/06/2018

Table 35: Ward 2 - Block Meetings held in 2017/2018

Ward 2 - Block Meetings held in 2017/2018					
Block	Committee Member	1 st Quarter 2017	2 nd Quarter 2017	3 rd Quarter 2018	4 th Quarter 2018
1	Mzukisi Ngan Tweni	12/09/2017	05/10/2017	20/03/2018	22/05/2018
2	Boniswa Lugogo	22/09/2017	None	None	None
3	Lorna Lisea-Booi	24/09/2017	None	18/03/2018	05/05/2018
4	Nomzi Siqangwe	18/09/2017	None	22/03/2018	None
5	Lungani Gxowa	14/09/2017	None	None	None
6	Solomon Thobile Khuzelo	28/08/2017	None	22/03/2018	11/05/2018
7	Moris Kopini	None	None	None	None
8	Cornelis Ham	None	None	None	None
9	Frederick Johannes Strauss	None	None	None	None
10.	Johan Mulder	None	None	None	None

Table 36: Ward 3 - Block Meetings held in 2017/2018

Ward 3 - Block Meetings held in 2017/2018					
Block	Committee Member	1 st Quarter 2017	2 nd Quarter 2017	3 rd Quarter 2018	4 th Quarter 2018
1	Ms October	None	16/10/2017	09/03/2018	None
2	Mr E Jeneke	Vacant	Vacant	07/03/2018	None
3	Ms Hartzenberg	19/09/2017	03/10/2017	26/02/2018	07/05/2018
4	Mr Tobais	13/09/2017	17/10/2017	07/02/2018	None
5	Mr Van Wyk	29/09/2017	30/10/2017	15/03/2018	21/06/2018

Ward 3 - Block Meetings held in 2017/2018					
Block	Committee Member	1 st Quarter 2017	2 nd Quarter 2017	3 rd Quarter 2018	4 th Quarter 2018
6	Ms Arendse /Scippers	03/10/2017	04/10/2017	20/02/2018	23/04/2018
7	Ms Van Wyk	26/09/2017	13/10/2017	02/03/2018	02/05/2018
8	Mr Eksteen	14/08/2017	12/09/2017	06/02/2018	None
9	Mr Hektoer	18/09/2017	07/11/2017	27/02/2018	30/06/2018
10	Ms Mc Krige	04/07/2017	17/10/2017	13/03/2018	None

Table 37: Ward 4 - Block Meetings held in 2017/2018

Ward 4 - Block Meetings held in 2017/2018					
Block	Committee Member	1 st Quarter 2017	2 nd Quarter 2017	3 rd Quarter 2018	4 th Quarter 2018
1	Roseline Lekota	24/09/2017	08/10/2017	04/03/2018	20/05/2018
2	Ralph Theunissen	Vacant		None	None
3	Ntobeko Msweli	None	None	None	None
4	Juan H Micheal	12/07/2017	05/10/2017	20/02/2018	None
5	Catherine Kortje	None 15/07/20	09/10/2017	01/02/2018	01/06/2018
6	Lilian Pawuli	27/09/2017	None	03/04/2018	21/06/2018
7	Anneline Dampies	06/07/2017	11/09/2017	None	08/04/2018
8	Salmon Marais	08/08/2017	05/10/2017	04/03/2018	10/06/2018
9	Paulina Paulse	10/09/2017	09/11/2017	31/03/2018	02/06/2018
10	Alan Lombaard	13/08/2017	None	25/02/2018	None

Table 38: Ward 5 - Block Meetings held in 2017/2018

Ward 5 - Block Meetings held in 2017/2018					
Block	Committee Member	1 st Quarter 2017	2 nd Quarter 2017	3 rd Quarter 2018	4 th Quarter 2018
1	John Barrows	Vacant	Vacant	08/ 03/2018	12/05/2018
2	Henrietta Knapp	27/09/2017	01/11/2017	08/03/2018	12/05/2018
3	William Brian Isaacs	12/09/ 2017	08/11/2017	15/03/2018	14/05/2018
4	Evon Adendorf	20/07/2017	05/09/2017	15/02/2018	10/05/2018
5	Maria Gertruida Oostendorff	27/10/2017	12/10/2017	None	09/05/2018
6	Mitchell Johannes Stanfliet	27/09/2017	01/11/2017	08/03/2018	10/05/2018
7	Ismael Siljeur	Vacant	Vacant	None	None
8	Hendrik Pyl / Willem Geduld	26 /10 /2017	07/11/2017	None	None
9	Jan Jacobs	Vacant	Vacant	None	None
10	Frans Brits	28/09/2017	02/10/2017	18/03/2018	None

Table 39: Ward 6 - Block Meetings held in 2017/2018

A. Ward 6 - Block Meetings held in 2017/2018					
Block	Committee Member	1 st Quarter 2017	2 nd Quarter 2017	3 rd Quarter 2018	4 th Quarter 2018
1	Israel van Stade	11/09/2017	23/10/2017	26/02/2018	15/04/2018
2	Godfrey Paulsen	05/10/2017	18/10/2017	15/02/2018	11/04/2018
3	Andie Adams	11/09/2017	14/10/2017	08/03/2018	Vacant
4	Martha Petoors	15/09/2017	None	23/03/2018	17/05/2018
5	Christopher Solomons	06/09/2017	Vacant	Vacant	Vacant
6	Elizabeth George	17/09/2017	15/10/2017	28//03/2018	22/05/2018
7	Gert Olckers	10/10/2017	22/10/2017	23/03/2018	17/05/2018

A. Ward 6 - Block Meetings held in 2017/2018					
Block	Committee Member	1 st Quarter 2017	2 nd Quarter 2017	3 rd Quarter 2018	4 th Quarter 2018
8	Muriel Pietersen	21/09/2017	01/10/2017	08/03/2018	09/05/2018
9	Elzaan Verneel	06/09/2017	23/10/2017	27/03/2018	04/04/2018
10	Sarah van Wyk	11/09/2017	07/10/2017	02/03/2018	16/05/2018

Table 40: Ward 7 - Block Meetings held in 2017/2018

Ward 7 - Block Meetings held in 2017/2018				
Committee Member	1 st Quarter 2017	2 nd Quarter 2017	3 rd Quarter 2018	4 th Quarter 2018
Stephanie Terblanche	31/08/2017	13/11/2018	23/03/2018	07/06/2018
Johanna Preston	Vacant	None	None	14/05/2018
Jacobus de Kock	29/09/2017	28/06/2017	01/03/2018	21/06/2018
Oortman Kiewietz	21/08/2017	02/11/2017	None	None
Johannes Strauss	31/08/2017	06/06/2017	01/03/2018	15/06/2018
Mariette du Toit	24/07/2017	10/10/2017	16/03/2018	18/05/2018
Wilna Swanepoel	28/09/2017	25/11/2017	None	None
Roscoe Pekeur	20/09/2017	09/10/2017	None	Vacant
Dennis Jonker	31/07/2017	10/10/2017	None	None
Jan Oncke	22/08/2017	18/10/2017	None	None

Table 41: Ward 8 - Block Meetings held in 2017/2018

Ward 8 - Block Meetings held in 2017/2018					
Block	Committee Member	1 st Quarter 2017	2 nd Quarter 2017	3 rd Quarter 2018	4 th Quarter 2018
1	Niel Stemmet	None	13/06/2017	None	None
2	Johannele Crous	07/03/2017	07/06/2017	15/02/2018	05/06/2018
3	Gabriella Goncalves	None	00/05/2017	Vacant	None
4	Timothy Prince	None	None	None	None
5	Vacant	None	None	None	None
6	Mintoor Booyesen	None	30/06/2017	None	None
7	Frederick Erasmus	30/03/2017	None	20/03/2018	None
8	Bettie Swarts	12/03/2017	12/10/2017	None	None
9	Theresa Emily Slingers	14/03/2017	12/06/2017	31/03/2018	None
10	Krisjan Snyders	22/03/2017	None	20/03/2018	None

Table 42: Ward 9 - Block Meetings held in 2017/2018

Ward 9 - Block Meetings held in 2017/2018					
Block	Committee Member	1 st Quarter 2017	2 nd Quarter 2017	3 rd Quarter 2018	4 th Quarter 2018
1	Priven September	16/03/2017	22/06/2017	29/03/2018	24/05/2018
2	Sonia Douwrie	05/03/2017	04/06/2017	18/03/2018	27/07/2018
3	Henry Abrahams	07/03/2017	None	09/02/2018	07/05/2018
4	Gert Maarman	07/03/2017	None	12/02/2018	15/05/2018
5	Frans du Toit	None	06/06/2017	Vacant	Vacant
6	Theodore Swanepoel	None	11/04/2017	11/03/2018	24/05/2018
7	Edean Solomons	None	None	19/02/2018	28/06/2018
8	Magdalena le Roux	03/03/2017	08/05/2017	05/03/2018	07/05/2018
9	Lilian du Toit	None	18/04/2017	27/03/2018	18/06/2018

Ward 9 - Block Meetings held in 2017/2018					
Block	Committee Member	1 st Quarter 2017	2 nd Quarter 2017	3 rd Quarter 2018	4 th Quarter 2018
10	Ashley Gertse	08/03/2017	31/05/2017	19/02/2018	28/05/2018

Table 43: Ward 10 - Block Meetings held in 2017/2018

Ward 10 - Block Meetings held in 2017/2018					
Block	Committee Member	1 st Quarter 2017	2 nd Quarter 2017	3 rd Quarter 2018	4 th Quarter 2018
1	Zwelidumile Magazi	26/02/2017	11/06/2017	25/03/2018	24/06/2018
2	Phumla Tokwe	22/02/2017	21/06/2017	25/02/2018	17/06/2018
3	Nomawonga Mase	19/02/2017	25/06/2017	27/02/2018	24/06/2018
4	Nomapostile Ntlalombi	19/02/2017	28/06/2017	25/02/2018	10/06/2018
5	Miriam Tahoe	25/02/2017	18/07/2017	25/02/2018	17/06/2018
6	Fikile Matoti	08/03/2017	21/06/2017	None	None
7	Mphati Ntlayithethwa	08/03/2017	22/06/2017	12/03/2018	None
8	Thenjiswa Zenzile	None	None	11/03/2018	15/06/2018
9	Lucy Plessie	08/03/2017	11/06/2017	18/03/2018	22/06/2018
10	Mbeko Ngxingweni	26/02/2017	21/06/2017	None	25/05/2018

Table 44: Ward 11 - Block Meetings held in 2017/2018

Ward 11 - Block Meetings held in 2017/2018					
Block	Committee Member	1 st Quarter 2017	2 nd Quarter 2017	3 rd Quarter 2018	4 th Quarter 2018
1	Hendrik Tredoux	None	None	16/03/2018	None
2	Marita McAlpine	08/03/2017	14/06/2017	16/03/2018	Vacant
3	Sarah Doms	14/03/2017	None	27/03/2018	26/07/2018
4	A Baartman	Vacant	Vacant	27/03/2018	26/07/2018
5	Penny Retief	None	None	None	26/07/2018
6	Abraham Jacobs	14/03/2017	None	26/01/2018	22/05/2018
7	B Saayman	08/03/2017	14/06/2017	None	09/05/2018
8	Roslynn Fuller	13/03/2017	20/06/2017	28/01/2018	22/04/2018
9	Hansie Volschenk	15/03/2017	None	None	None
10	Piet Engelbreg	15/03/2017	24/06/2017	27/03/2018	26/07/2018

Table 45: Ward 12 - Block Meetings held in 2017/2018

Ward 12 - Block Meetings held in 2017/2018					
Block	Committee Member	1 st Quarter 2017	2 nd Quarter 2017	3 rd Quarter 2018	4 th Quarter 2018
1	Spaas Herder	07/09/2017	03/10/2017	12/02/2018	14/05/2018
2	Jan Hoffman	None	16 /10/2017	26/02/2018	20/06/2018
3	Dawid De Koker	06/07/2017	05/10/2017	15/02/2018	17/05/2018
4	Elroy Matthys	None	03/10/2017	08/02/018	12/06/2018
5	Alfredauw Wewers	18/07/017	10/10/2017	26/02/2018	03/05/2018
6	Maria Soldaat	12/08/2017	31/10/2017	22 /02/2018	None
7	Koert Ewertson	30/08/2017	17/10/2017	14/02/2018	25 /06/2018
8	Andre Louw	31/08/2017	30/10/2017	27/02/2018	21/05/2018
9	Martin Booysen	05/09/2017	02/11/2017	13/02/2018	16/05/2018
10	Cupido Appollis	12/09/2017	07/11/2017	12/02/2018	11/05/2018

Rule of Law: The Municipality ensures impartiality in legislative enforcement through the implementation of its adopted Community Participation Policy and Ward Committee System reporting procedures.

2.5 IDP PARTICIPATION AND ALIGNMENT

The table below confirms Langeberg Municipality 's IDP participation and alignment.

Table 46: IDP Participation and Alignment Criteria

IDP Participation and Alignment Criteria*	
Does the Municipality have impact, outcome, input, output indicators?	Yes
Does the IDP have priorities, objectives, KPIs, development strategies?	Yes
Does the IDP have multi-year targets?	Yes
Are the above aligned and can they calculate into a score?	Yes
Does the budget align directly to the KPIs in the strategic plan?	Yes
Do the IDP KPIs align to the Section 57 Managers	Yes
Do the IDP KPIs lead to functional area KPIs as per the SDBIP?	Yes
Do the IDP KPIs align with the provincial KPIs on the 12 Outcomes	Yes
Were the indicators communicated to the public?	Yes
Were the four quarter aligned reports submitted within stipulated time frames?	Yes

COMPONENT D: CORPORATE GOVERNANCE

In Langeberg Municipality, the principals of good governance as set out in the King IV Report, are embraced and implemented within the municipality. These principals relate amongst others to ethical governance, the implementation of controls to prevent fraud and corruption and the management of risks.

2.6 RISK MANAGEMENT

The MFMA Section 62 (i) (c) requires a municipality to have and maintain an effective, efficient and transparent system of risk management.

By managing its risks, Langeberg Municipality maximises value by setting clear and realistic objectives, develop appropriate strategies, understands the intrinsic and associated risks of its actions and directs resources towards managing such risks on the basis of cost benefit principles.

Langeberg Municipality bases its risk management on pre-identified and regularly reviewed operational risks. A Risk Register has been compiled, together with mitigating measures. An adopted Risk Management Policy regulated the implementation of risk management processes and procedures throughout 2017/2018.

Table 47: Langeberg Municipality's Strategic risks in 2017/2018

Langeberg Municipality's top risks in 2017/2018
The risk is that the Municipality may have difficulties with implementing Municipal Standard Chart of Accounts (mSCOA), the new financial-reporting regulatory reform.
The financial viability of the municipality is put under strain by the additional influx of people in the area that do not contribute to the revenue stream, but for which services are provided.
The risk is that there may be unregistered properties in the municipal area.
The risk is that quotations may be awarded to suppliers that provide false declarations.
The risk is that unauthorized changes could be made to the financial system, because vendors do not provide the municipality with a report/ audit trail of changes made when they access the system and this means that the changes they make on the system are not tracked / monitored.
The risk is that the management of user accounts for Promun and Syntell is inadequate.
The risk is that the capital budget may not be utilised optimally.
The risk is that the streets network may be dilapidated.
The risk is that Storm Water may cause Flood Damage due to the inadequate storm water systems.
The risk is that the municipality may not be complying with water and wastewater treatment standards
The risk is that service delivery to the public may be unsatisfactory.
The risk is that water may not be sufficiently available
The risk is that there may be Illegal electricity connections
The risk is that there may be unlawful land use in the Municipal jurisdiction
The risk is that the municipality is approaching a shortage of Cemetery space in all towns
The risk is that the public is not complying with the municipal by-laws
The risk is that municipal facilities and installations may be vandalized

2.7 ANTI-CORRUPTION AND FRAUD

The Municipality's anti-corruption and fraud preventative measures include:

- Continuous promotion of an ethical culture
- On-going staff training
- Implementation of a Policy on Fraud and Anti-corruption
- Provision of effective security measures at municipal buildings
- Procedures of employee vetting before appointment
- An approved Internal Audit Plan and a functional Internal Auditing Unit and Audit & Performance Committee

During 2017/2018, the Audit & Performance Committee had five members and convened 6 meetings for the purpose of providing oversight of internal controls, financial reporting, compliance with regulatory matters and approving the Internal Audit Plan.

The Municipality displays a culture of zero-tolerance towards fraud and corruption and takes immediate action against fraudulent and corruptive actions.

2.8 SUPPLY CHAIN MANAGEMENT

The MFMA, Sections 110-119, the Supply Chain Management Regulations 2005 and relevant MFMA Circulars set out required processes and guidance manuals to help ensure that SCM arrangements provide appropriate goods and services, offer best value for money and minimize the opportunities for fraud and corruption.

The Municipality adopted a Supply Chain Management Policy, based on the model prescribed by National Treasury. Implementation of the policy ensures that legal requirements are met. Certain areas of under-performance were highlighted as risks and remedial action was taken and implemented.

The Municipality has Bid Specification, Bid Evaluation and Bid Adjudication Committees to ensure that fair and just supply chain processes and outcomes are achieved.

The following staff served on the Bid Adjudication Committee in 2017/2018:

Table 48: Bid Adjudication Committee in 2017/2018

Langeberg Municipality's Bid Adjudication Committee in 2017/2018	
Name	Position
Mr A W J Everson	Director Corporate Services
Ms S Kotze	Manager Administrative Support
Mr B Brown	Chief Financial Officer
Mr IAB van der Westhuizen	Director Engineering Services
Mr S Ngcongolo	Manager: Supply Chain Management

2.9 POLICIES AND BY-LAWS

The Municipal Systems Act 2000, Section 11(3) (m) provides municipal councils with the legislative authority to pass and implement by-laws for the betterment of the community within the boundaries of the legislation. The table below provides the policies and by-laws which have been passed by the Municipality in 2017/2018.

Table 49: Policies and Bylaws adopted in 2017 / 2018

POLICY		COUNCIL RESOLUTION
A 3439	CELLULAR PHONE POLICY APPLICABLE TO EMPLOYEES (6/2/2/2)(DIRECTOR CORPORATE SERVICES)	<u>This item served before a Special Meeting of Council on 05 June 2017</u> <u>Unanimously Resolved</u> That the <i>Cellular Phone Policy applicable to Employees</i> be approved and implemented as from the date of signature thereof by the Municipal Manager.
A 3447	RISK MANAGEMENT: APPROVAL OF THE RISK MANAGEMENT POLICY, RISK IMPLEMENTATION PLAN, RISK MANAGEMENT STRATEGY, RISK MANAGEMENT COMMITTEE CHARTER, RISK REGISTER AND THE FRAUD PREVENTION POLICY & STRATEGY' (5/14/R) (RISK MANAGEMENT)	<u>This item served before an Ordinary Meeting of Council on 20 June 2017</u> <u>Unanimously Resolved</u> 1. That the Risk Management Policy be workshopped by officials and Councillors. 2. That the reviewed risk management policy, risk implementation plan, risk management strategy, risk management committee charter, risk register and the fraud prevention policy & strategy.
A 3450	SUPPLY CHAIN MANAGEMENT POLICY FOR INFRASTRUCTURE PROCUREMENT AND DELIVERY MANAGEMENT: (8/1/B) (DIRECTOR: ENGINEERING SERVICES)	<u>This item served before an Ordinary Meeting of Council on 20 June 2017</u> <u>Unanimously Resolved</u> That the Model Supply Chain Management Policy for Infrastructure Procurement & Delivery Management as drafted by National Treasury and as adapted for Langeberg Municipality be approved as an addendum to the approved Supply Chain Management Policy of Langeberg Municipality.
A 3475	POLICY – CONFERMENT OF ALDERMANSHIP ON COUNCILLORS OF LANGEBERG MUNICIPALITY (3/R) (DIRECTOR CORPORATE SERVICES)	<u>This item served before an Ordinary Meeting of Council on 29 August 2017</u> <u>Unanimously Resolved</u> That the policy – <i>Conferment of Aldermanship on Councillors of Langeberg Municipality</i> – be approved and implemented for Councillors of Langeberg Municipality

BY-LAWS ADOPTED		COUNCIL RESOLUTION
A 3417	SUPPLEMENTARY REPORT: IMPLEMENTATION OF SPLUMA; LUPA AND MUNICIPAL LAND USE PLANNING BY-LAWS: ESTABLISHMENT OF MUNICIPAL PLANNING TRIBUNAL (MPT) (MANAGER: TOWN PLANNING)	<u>This item served before an Ordinary Meeting of Council on 20 June 2017</u> <u>Unanimously Resolved</u> That Council appoint Mr Maynard Johnson as Deputy Chairperson of the Langeberg Municipal Planning Tribunal.

BY-LAWS ADOPTED		COUNCIL RESOLUTION
A 3464	RESUBMISSION - NEW INFORMAL TRADING BY-LAW (1/3/1/1/3) (DIRECTOR STRATEGY & SOCIAL DEVELOPMENT)	<p><u>This item served before an Ordinary Meeting of Council on 29 August 2017</u></p> <p><u>Unanimously Resolved</u></p> <p>That only the following erven as suggested by the public participation process, be included in the amended by-law as new sites on which to conduct informal trading:</p> <ol style="list-style-type: none"> 1. Nkqubela – Erf 306 2. Zolani – Erf 276 (unregistered portion of Erf 505) 3. Space in front of Civic Hall in Bo Dorp in Hospitaal Laan which is adjacent to erf 1519 4. Space in front of the Barnard Hall in Cogmanskloof adjoining erf 457. 5. The open space next to the Gum Grove 6. Supermarket in Happy Valley Bonnievale
A 3497	CONTROL OF UNDERTAKINGS THAT SELL LIQUOR TO THE PUBLIC BY-LAW, 2017: APPLICATIONS FOR EXTENDED HOURS: APPOINTMENT OF DELEGATED AUTHORITY CONSIDER APPLICATIONS (MANAGER: TOWN PLANNING)	<p><u>This item served before a Special Meeting of Council on 19 September 2017</u></p> <p><u>Unanimously Resolved</u></p> <p>That the Municipal Manager or his nominee be appointed as the delegated authority to consider all applications regarding the request for extended hours.</p>
A 3520	INTRODUCTION OF DRAFT AMENDMENTS: BY-LAW ON MUNICIPAL LAND USE PLANNING (MANAGER TOWN PLANNING)	<p><u>This item served before an Ordinary Meeting of Council on 05 December 2017</u></p> <p><u>Unanimously Resolved</u></p> <ol style="list-style-type: none"> 1. That the contents of the report be noted. 2. That in terms of section 12(2) of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000) amendments to the By-law on Municipal Land Use Planning be made. 3. That in terms of section 12(3)(b) of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000) the proposed amendments to the By-law on Municipal Land Use Planning be published for public representations. 4. That the proposed amended By-law on Municipal Land Use Planning and any representations received be submitted to Council for consideration after publication thereof.
A 3535	DRAFT ~ POUND BY-LAW FOR THE LANGEBOG MUNICIPALITY (17/12) (MANAGER: SOCIAL DEVELOPMENT)	<p><u>This item served before an Ordinary Meeting of Council on 05 December 2017</u></p> <p><u>Unanimously Resolved</u></p> <ol style="list-style-type: none"> 1. That the draft Pound By-law for the Langeberg Municipality in all three official languages be accepted and advertised for public comments. 2. That the draft Pound By-law for the Langeberg Municipality be sent to the Ward Committees for comments and that a representative from the relevant department attends the Ward Committee meetings to explain the draft by-law. 3. That an advertisement be placed indicating that the

BY-LAWS ADOPTED		COUNCIL RESOLUTION
		<p>draft Pound By-law for Langeberg Municipality is open for comments.</p> <p>4. That copies of the draft Pound By-law for the Langeberg Municipality be placed at all municipal offices and libraries.</p> <p>5. That the previous By-law relating to the Impoundment of Animals, PN 6030 dated 13 June 2003, be repealed</p>
A 3561	<u>AMENDMENT OF LANGEBERG MUNICIPALITY WATER BY-LAW: 16/1/B (DIRECTOR ENGINEERING SERVICES)</u>	<p><u>This item served before an Ordinary Meeting of Council on 20 February 2018</u> <u>Unanimously Resolved</u></p> <p>That clause 14 (<i>Offences & Penalties</i>) of the Langeberg Municipality Water By-Law be amended as follows:</p> <p>14. Offences and penalties Any person who—</p> <ol style="list-style-type: none"> contravenes or fails to comply with any provisions of this by-law fails to comply with any notice issued in terms of this by-law fails to comply with any lawful instruction given in terms of this by-law, or obstructs or hinders any authorised representative or employee of the municipality in the execution of his or her duties under this by-law <p>is guilty of an offence and liable, on conviction, to a fine as determined annually by Council as per the Tariff Policy By-Law, or three (3) years imprisonment, or both.</p>
A 3608	<u>RESUBMISSION: POUND BY-LAW FOR THE LANGEBERG MUNICIPALITY</u>	<p><u>This item served before an Ordinary Meeting of Council on 29 May 2018</u> <u>Unanimously Resolved</u></p> <ol style="list-style-type: none"> That the request to amend sections 6(2) and 9(3) not be considered That the replacement of the words “days” and “dae” by the words “publications” and “uitgawes”, in section 26(3)(b) be supported. That the Pound By-law for the Langeberg Municipality be approved.
A 3609	<u>LANGEBERG MUNICIPALITY INTEGRATED ZONING SCHEME BY-LAW (LIZS): APPROVAL AND IMPLEMENTATION OF LIZS: MANAGER TOWN PLANNING</u>	<p><u>This item served before a Statutory Meeting of Council on 24 April 2018</u> <u>Unanimously Resolved</u></p> <ol style="list-style-type: none"> That Langeberg Municipality repeal and replace the existing 5 Zoning Schemes approved in terms of sections 7(2) (Montagu, Robertson and Ashton) and 8 (McGregor, Bonnievale and rural areas) of the Land Use Planning Ordinance 1985 (No 15 of 1985) as well as the Town Planning Scheme of Zolani/Nkqubela in terms of Provincial Notice 733/1989 in Provincial Gazette 4606 of 22 September 1989. That the Langeberg Municipality under the

BY-LAWS ADOPTED		COUNCIL RESOLUTION
		<p>provisions of section 156 of the Constitution of the Republic of South Africa, 1996, read together with Section 24(1) of the Spatial Planning and Land Use Management Act, 2013 (Act 16 of 2013) adopt and approve a single land use scheme for its entire area.</p> <p>3. That the Integrated Zoning Scheme By-Law be enacted and promulgated in terms of Section 13 of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000)</p>

2.10 WEBSITE

The municipality's website address is <http://www.langeberg.gov.za>. All information is regularly updated on the website. The table below reflects on documents which must be published on the website, as required by law and confirms Langeberg Municipality's 2017/2018 status on it.

All of Council's Libraries have computers with free internet access to which residents have access to Council's website and the information posted thereon.

The table below reflects the documents which are required to be published on the Municipality's website and the Municipality's level of compliance with such requirements.

Table 50: Documents required to be published on the Municipality's Website

Documents required to be published on the Municipality's Website	Yes/No
Current Annual and Adjustments Budgets and all budget-related documents	Yes
All current budget-related policies	Yes
The previous Annual Report (2016/2017)	Yes
The Annual Report (2017/2018) published/to be published	Yes
All current Performance Agreements required in terms of Section 57(1)(b) of the MSA and resulting scorecards	Yes
All supply chain management contracts above the prescribed value	Yes
All quarterly reports tabled in the Council in terms of section 52(d) during 2016/17	Yes

2.11 PUBLIC SATISFACTION ON MUNICIPAL SERVICES

The Municipality did not commission any Household Satisfaction Surveys in 2017/2018. Complaints and inputs, collected from Ward Block Meetings, as well as on the website and SMS System have however been regarded as community feedback and such data was fully incorporated in the 2017/2018 IDP.



CHAPTER THREE

Service Delivery Performance

Annual KPI report 2017/2018

SO1: Facilitate integrated human settlements and improved living conditions of all households

Ref	National KPA	KPI	Unit of Measurement	Baseline	KPI Calculation Type	Year – To Date As At 30 June 2018				
						Target	Actual	R	Performance Comment	Corrective Measures
TL42	Basic Service Delivery	Complete the construction of 100 new houses in McGregor by 30 June 2018	Number of houses constructed	496 houses in total	Accumulative	100	259	B		
TL43	Basic Service Delivery	Review the Human Settlement Plan and submit to Council for approval by 31 March 2018	Plan reviewed and submitted	New performance indicator for 2017/18	Carry Over	1	0	R		Requested assistance from DoHS.
TL44	Basic Service Delivery	Submit 360 completed signed offer to purchase contracts to the attorneys for registration of title deeds by 30 June 2018	Number of completed signed offer to purchase contracts	New performance indicator for 2017/18	Accumulative	360	600	G 2		
TL45	Basic Service Delivery	Submit 30 completed signed offer to purchase contracts for pre 1994 rental housing stock to the attorneys for registration of title deeds by 30 June 2018	Number of completed signed offer to purchase contracts	New performance indicator for 2017/18	Accumulative	30	15	R		Awareness campaigns to communities around title deeds restoration program to be rolled out.
TL46	Basic Service Delivery	Hold quarterly meetings with each informal settlement committee (7 informal settlement committees) during the 2017/18 financial year	Number of quarterly meetings held	New performance indicator for 2017/18	Accumulative	28	3	R		Committees will be established within each of the informal settlements.
TL47	Basic Service Delivery	Conduct quarterly informal household counts during the 2017/18 financial year	Number of quarterly informal household counts conducted	New performance indicator for 2017/18	Accumulative	28	4	R		Will take drone photos on a quarterly basis to do the informal household counts.
TL79	Basic Service Delivery	Complete the installation/upgrade of bulk services for Housing Projects in Kanana by 30 June 2018	Project completed by 30 June 2018	New capital project for 2017/18	Carry Over	1	0	R		Roll over project 18/19.

SO2: Provide and maintain infrastructure to provide basic services to all citizens

Ref	National KPA	KPI	Unit of Measurement	Baseline	KPI Calculation Type	Year – To Date As At June 2018				
						Target	Actual	R	Performance Comment	Corrective Measures
TL2	Good Governance and Public Participation	The percentage of the municipal capital budget actually spent on capital projects as at 30 June 2018 (Actual amount spent on capital projects excluding orders/Total amount budgeted for capital projects)X100	% of capital budget spent	90%	Last Value	90%	80,42%	O		Incomplete capital projects have been rolled over.
TL35	Basic Service Delivery	Complete the cemetery study regarding land availability and submit to Council for consideration by 30 June 2018	Study completed and submitted to Council	New performance indicator for 2017/18	Carry Over	1	0	R	Phase 1 presentation done to SMT in June 2018 and submitted to council in August 2018.	Phase 2 will be completed in the 2018/19 year.
TL36	Basic Service Delivery	Spend 90% of the available budget for the upgrade of the road to the Zolani Cemetery by 30 June 2018 {(Total actual expenditure for the project/Total amount budgeted for the project)x100}	% of the budget spent	New performance indicator for 2017/18	Carry Over	90%	108.90%	G 2		
TL37	Basic Service Delivery	Spend 90 % of the budget allocation/grant funding received on the fencing of Robertson Community Hall by 30 June 2018 {(Total actual expenditure for the project/Total amount budgeted for the project)x100}	% of budget spent	Portion of project completed during 2016/17	Carry Over	90%	100%	G 2		
TL38	Basic Service Delivery	Spend 90% of the grant funding received for libraries by 30 June 2018 (Total actual expenditure /Total amount received) x100}	% of budget spent	New performance indicator for 2017/18	Carry Over	90%	100%	G 2		

Ref	National KPA	KPI	Unit of Measurement	Baseline	KPI Calculation Type	Year – To Date As At June 2018				
						Target	Actual	R	Performance Comment	Corrective Measures
TL39	Basic Service Delivery	Hold 120 exhibitions at libraries (1 per town per month) to lodge library awareness programmes during the 2017/18 financial year	Number of exhibitions held	New performance indicator for 2017/18	Accumulative	120	184	B		
TL40	Basic Service Delivery	Implement 120 outreach programmes for libraries (1 per town per month) during the 2017/18 financial year	Number of outreach programmes implemented	New performance indicator for 2017/18	Accumulative	120	178	G 2		
TL41	Basic Service Delivery	Report monthly to the Municipal Manager on the implementation of the maintenance plans of the nature reserves	Number of reports submitted	New performance indicator for 2017/18	Accumulative	4	5	G 2		
TL48	Basic Service Delivery	Complete 5 fire risk assessments by 30 June 2018	Number of fire risk assessments completed	New performance indicator for 2017/18	Accumulative	5	5	G		
TL49	Basic Service Delivery	Spend 90% of the approved budget for the upgrade of the Fire Brigade Facilities in Ashton by 30 June 2018 {(Total actual expenditure for the project/Total amount budgeted for the project)x100}	% of the budget spent	New performance indicator for 2017/18	Carry Over	90%	87.99%	O		Saving incurred
TL50	Basic Service Delivery	Review the Disaster Management Plan and submit for assessment to the District by 31 May 2018	Plan reviewed and submitted	1	Carry Over	1	1	G		
TL52	Basic Service Delivery	Develop and implement maintenance standards for sport facilities and halls by 30 June 2018	Standards developed and implemented	New performance indicator for 2017/18	Carry Over	1	0	R		Plan to be finalised in 18/19.

Ref	National KPA	KPI	Unit of Measurement	Baseline	KPI Calculation Type	Year – To Date As At June 2018				
						Target	Actual	R	Performance Comment	Corrective Measures
TL53	Basic Service Delivery	Establish Committees for two Sport Facilities by 30 June 2018	Number of committees established	2 established	Accumulative	2	2	G		
TL54	Basic Service Delivery	Complete the upgrade of the cloak rooms at the McGregor Sports Grounds by 30 June 2018	Project completed by 30 June 2018	New performance indicator for 2017/18	Carry Over	1	1	G		
TL55	Basic Service Delivery	Complete the upgrade of the ablution facilities at Happy Valley Sports Grounds by 30 June 2018	Project completed by 30 June 2018	New performance indicator for 2017/18	Carry Over	1	0	R		Roll over to 18/19
TL56	Basic Service Delivery	Complete the upgrade of the cloak rooms at the Cogmanskloof Sports Grounds by 30 June 2018	Project completed by 30 June 2018	New performance indicator for 2017/18	Carry Over	1	0	R	Non-compliance by tenderer.	Roll over to 18/19.
TL57	Basic Service Delivery	Develop a swimming pool security and safety plan and submit to the Portfolio Committee for approval by 30 November 2017	Swimming pool security and safety plan developed and submitted	New performance indicator for 2017/18	Carry Over	1	1	G		
TL58	Basic Service Delivery	Complete the supply and installation of an electronic turnstile at the Dirkie Uys Swimming Pool by 31 October 2017	Project completed by 31 October 2017	New performance indicator for 2017/18	Carry Over	1	1	G		
TL59	Municipal Financial Viability and Management	Limit unaccounted electricity to less than 7.5% as at 30 June 2018 {(Number of Electricity Units Purchased and/or Generated - Number of Electricity Units Sold (incl Free basic electricity)) / Number of Electricity Units Purchased and/or Generated} _ 100} (rolling twelve-month average)	% unaccounted electricity	7.5	Reverse Last Value	7.50%	4.09%	B		

Ref	National KPA	KPI	Unit of Measurement	Baseline	KPI Calculation Type	Year – To Date As At June 2018				
						Target	Actual	R	Performance Comment	Corrective Measures
TL60	Basic Service Delivery	Replace 150 pre-paid meters to reduce energy losses by 30 June 2018	Number of pre-paid meters replaced	150	Carry Over	150	166	G 2		
TL61	Basic Service Delivery	Spend 90% of the total amount budgeted for the replacement and repair on the electricity network by June 2018 {(Total actual expenditure for the project/Total amount budgeted for the project) x100}	% of budget spent	90%	Carry Over	90%	77.91%	O		Project to be completed by internal staff.
TL62	Basic Service Delivery	Spend 90% of the total amount budgeted for new connections by 30 June 2018 {(Total actual expenditure for the project/Total amount budgeted for the project)x100}	% of budget spent	90%	Last Value	90%	87.20%	O		Saving incurred
TL63	Basic Service Delivery	Spend 90% of the total amount budgeted for the electrification of new houses in McGregor by 30 June 2018 {(Total actual expenditure for the project/Total amount budgeted for the project)x100}	% of budget spent	Roll-over project from 2016/17	Carry Over	90%	64.91%	R		Roll over project. Additional 68 units will be built in 18/19.
TL77	Basic Service Delivery	Complete the upgrade of the Silverstrand Bulk Line by 30 June 2018	Project completed by 30 June 2018	New capital project for 2017/18	Carry Over	1	1	G		
TL78	Basic Service Delivery	Spend 90% of the total amount budgeted for the replacement and repair of street lights by 30 June 2018 {(Total actual expenditure for the project/Total amount budgeted for the project) x100}	% of budget spent	90%	Last Value	90%	84.39%	O		Saving incurred

Ref	National KPA	KPI	Unit of Measurement	Baseline	KPI Calculation Type	Year – To Date As At June 2018				
						Target	Actual	R	Performance Comment	Corrective Measures
TL82	Basic Service Delivery	Spend 90% the total amount budgeted for the upgrade/rehabilitation of roads by 30 June 2018 {(Total actual expenditure for the project/Total amount budgeted for the project)x100}	% of budget spent	90%	Carry Over	90%	101.58%	G 2		
TL83	Basic Service Delivery	Spend 90% of the available budget on the construction of the Nkqubela sport field by 30 June 2018 {(Total actual expenditure for the project/Total amount budgeted for the project)x100}	% of budget spent	Planning completed in 2016/17	Carry Over	90%	26.79%	R	Tenderer experienced cash-flow difficulties.	Roll over project 18/19.
TL86	Basic Service Delivery	Recycle 960 tons of domestic waste by 30 June 2018	Number of tons of domestic waste recycled	900	Accumulative	960	1,727.48	B		
TL87	Basic Service Delivery	80% of effluent samples comply with permit values {(Number of effluent samples that comply with permit values/Number of effluent samples tested)x100}	% of effluent samples compliant	80%	Last Value	80%	82.21%	G 2		
TL88	Basic Service Delivery	Spend 90% of the total amount budgeted to replace safety and test equipment by 30 June 2018 {(Total actual expenditure for the project/Total amount budgeted for the project) x100}	% of budget spent	90%	Carry Over	90%	89.11%	O		Saving incurred

Ref	National KPA	KPI	Unit of Measurement	Baseline	KPI Calculation Type	Year – To Date As At June 2018				
						Target	Actual	R	Performance Comment	Corrective Measures
TL89	Municipal Financial Viability and Management	Limit unaccounted water to less than 15% as at 30 June 2018 {(Number of Kiloliters Water Purchased or Purified - Number of Kiloliters Water Sold (incl free basic water) / Number of Kiloliters Water Purchased or Purified _100)}	% unaccounted water	18%	Reverse Last Value	15%	14.47%	B		
TL90	Basic Service Delivery	Complete the project for the supply of bulk water to Nkqubela by 31 March 2018	Project completed by 31 March 2018	Roll-over project from 2016/17	Carry Over	1	1	G		
TL91	Basic Service Delivery	Complete the project for the repair of leaks at the George Brink Reservoir by 30 June 2018	Project completed	Roll-over project from 2016/17	Last Value	1	1	G		
TL92	Basic Service Delivery	95% of water samples comply with SANS241 micro biological indicators {(Number of water samples that comply with SANS241 indicators/Number of water samples tested)x100}	% of water samples compliant	95%	Last Value	95%	100%	G 2		
TL93	Basic Service Delivery	90% spent of the total amount budgeted for the supply of bulk water to Nkqubela by 30 June 2018 {(Total actual expenditure for the project/Total amount budgeted for the project)x100}	% Budget spent	Roll-over project from 2016/17 (TL46)	Carry Over	100%	98.89%	O		Saving incurred
TL95	Basic Service Delivery	Construct 2 additional drying beds at the Waste Water Treatment Works in Ashton by 31 December 2017	Number of Drying beds constructed	Roll-over project from 2016/17 (TL61)	Carry Over	2	2	G		

Ref	National KPA	KPI	Unit of Measurement	Baseline	KPI Calculation Type	Year – To Date As At June 2018				
						Target	Actual	R	Performance Comment	Corrective Measures
TL98	Basic Service Delivery	Provision of ablution facilities in Mandela Square Montagu by 30 June 2018	Number of units installed	Roll-over project from 2016/17 (TL56)	Carry Over	22	0	R	Quotation was advertised twice no award was made.	Decision taken to build the pump station using internal staff. not fully operational as yet as fencing still required to safe guard the pump station
TL99	Basic Service Delivery	Purchase 2 vehicles for the Parks division by 30 September 2017	Numbers of vehicles delivered	Roll-over project from 2016/17 (TL35)	Accumulative	2	2	G		
TL101	Basic Service Delivery	Purchase a type six all terrain fire truck by 30 June 2018	Number of trucks purchased	New KPI	Carry Over	1	1	G		
TL103	Basic Service Delivery	Purchase a water tanker by 30 June 2018	Number of water tankers purchased	New KPI	Carry Over	1	1	G		
TL104	Basic Service Delivery	Spend 90% of the total amount budgeted for the purchase of drought relief machinery by 30 June 2018	% of budget spent	New KPI	Carry Over	90%	91.31%	G 2		
TL105	Municipal Transformation and Institutional Development	Construct a security fence at the Robertson Municipal offices by 30 June 2018	Completion certificate	New KPI	Carry Over	1	1	G		

SO3: Promote an enabling environment for economic growth and decent employment

Ref	National KPA	KPI	Unit of Measurement	Baseline	KPI Calculation Type	Year – To Date As At June 2018				
						Target	Actual	R	Performance Comment	Corrective Measures
TL6	Local Economic Development	Create job opportunities through the Expanded Public Works Programme (EPWP) by 30 June 2018	Number of Job opportunities created through the Expanded Public Works Programme (EPWP)	400	Accumulative	400	160	R	Correct calculation will be done based on number of working days from signed contracts.	Reporting on the system will reflect both the number of opportunities created and reporting on FTE

SO4: A responsive and accountable administration

Ref	National KPA	KPI	Unit of Measurement	Baseline	KPI Calculation Type	Year – To Date As At June 2018				
						Target	Actual	R	Performance Comment	Corrective Measures
TL1	Municipal Transformation and Institutional Development	Appointments made in 3 highest levels of management during 2017/18 that comply with the Employment Equity Plan	Number of appointments made in 3 highest levels of management	1	Accumulative	1	4	B		
TL3	Good Governance and Public Participation	Conduct two (2) formal evaluations of directors in terms of their signed agreements	Number of formal evaluations conducted	2	Accumulative	2	2	G		
TL4	Good Governance and Public Participation	Develop Risk Based Audit Plan and submit to MM and Audit Committee by 30 June 2018	Risk Based Audit Plan submitted to MM and Audit Committee	1	Carry Over	1	1	G		
TL5	Good Governance and Public Participation	Develop an Audit Action Plan by 31 January 2018 from the final management report issued by the AG and submit to MM and Audit Committee for approval	Audit Action Plan developed and submitted to MM and Audit Committee	1	Carry Over	1	1	G		
TL7	Municipal Transformation and Institutional Development	90% spent of the total amount budgeted for ICT capital projects by June 2018 (Actual expenditure / by approved budget allocation)	% of budget spent	90%	Last Value	90%	79.16%	O		Saving incurred

Ref	National KPA	KPI	Unit of Measurement	Baseline	KPI Calculation Type	Year – To Date As At June 2018				
						Target	Actual	R	Performance Comment	Corrective Measures
TL8	Good Governance and Public Participation	Submit the final reviewed IDP to Council by 31 May 2018	Final IDP submitted to Council	1	Carry Over	1	1	G		
TL9	Good Governance and Public Participation	Submit the Mid-Year Performance Report in terms of Sect 72 of the MFMA to Council by 31 January 2018	Number of reports submitted to Council	1	Carry Over	1	1	G		
TL10	Good Governance and Public Participation	Submit the Annual Report to Council by 31 January 2018	Number of reports submitted to Council	1	Carry Over	1	1	G		
TL11	Good Governance and Public Participation	Submit the Oversight Report to Council by 31 March 2018	Number of reports submitted to Council	1	Carry Over	1	1	G		
TL12	Good Governance and Public Participation	Submit the Top Layer SDBIP to the Mayor for approval within 14 days after the annual budget has been approved	Top Layer SDBIP submitted to the Mayor within 14 days after the annual budget has been approved	1	Carry Over	1	1	G		
TL13	Good Governance and Public Participation	Percentage of municipality's personnel budget actually spent on implementing its workplace skills plan measured as at 30 June 2018 ((Total Actual Training Expenditure/ Total personnel Budget)x100))	% of municipality's personnel budget actually spent on implementing its workplace skills plan	1%	Last Value	1%	0.83%	O	All planned training in terms of WSP was rolled out	Saving incurred due to vacancies within the organization.
TL14	Good Governance and Public Participation	Facilitate the monthly meetings of ward committees	Number of monthly ward committee meetings held	48	Accumulative	48	49	G 2		
TL15	Municipal Transformation and Institutional Development	90% spent of the total amount budgeted for the upgrading and alteration of the municipal offices by 30 June 2018 [(Actual expenditure / Approved budget allocation) x100]	% of budget spent	New Key Performance Indicator for 2017/18	Last Value	90%	86.65%	O		Saving incurred.

Ref	National KPA	KPI	Unit of Measurement	Baseline	KPI Calculation Type	Year – To Date As At June 2018				
						Target	Actual	R	Performance Comment	Corrective Measures
TL16	Municipal Transformation and Institutional Development	90% spent of the total amount budgeted for the purchase of office equipment by 30 June 2018 [(Actual expenditure / Approved budget allocation)x100]	% of budget spent	New Key Performance Indicator for 2017/18	Last Value	90%	109.26%	G 2		
TL17	Basic Service Delivery	90% spent of the total amount budgeted for the upgrading of the Traffic Offices by 30 June 2018 [(Actual expenditure / Approved budget allocation) x100]	% of budget spent	New Key Performance Indicator for 2017/18	Last Value	90%	91.84%	G 2		
TL18	Basic Service Delivery	Number of formal residential properties that receive piped water that is connected to the municipal water infrastructure network and which are billed for water or have pre-paid meters as at 30 June 2018	Number of residential properties which are billed for water or have pre-paid meters	15000	Last Value	15,000	13093	O	Duplication of account on the system	Duplications will be deleted from the system and targets will be adjusted to new financial year targets
TL19	Basic Service Delivery	Number of formal residential properties connected to the municipal electrical infrastructure network and which are billed for electricity or have pre-paid meters as (Excluding Eskom areas) at 30 June 2018	Number of residential properties which are billed for electricity or have pre-paid meters (Excluding Eskom areas)	17000	Last Value	17,000	16858	O	Duplication of account on the system	Duplications will be deleted from the system and targets will be adjusted to new financial year targets

Ref	National KPA	KPI	Unit of Measurement	Baseline	KPI Calculation Type	Year – To Date As At June 2018				
						Target	Actual	R	Performance Comment	Corrective Measures
TL20	Basic Service Delivery	Number of formal residential properties connected to the municipal waste water sanitation/sewerage network for sewerage service, irrespective of the number of water closets (toilets) and which are billed for sanitation/sewerage as at 30 June 2018	Number of residential properties which are billed for sanitation/sewerage	14800	Last Value	14,800	13837	O	Duplication of account on the system	Duplications will be deleted from the system and targets will be adjusted to new financial year targets
TL21	Basic Service Delivery	Number of formal residential properties for which refuse is removed once per week and which are billed for refuse removal as at 30 June 2018	Number of residential properties which are billed for refuse removal	14600	Last Value	14,600	14432	O	Duplication of account on the system	Duplications will be deleted from the system and targets will be adjusted to new financial year targets
TL32	Municipal Financial Viability and Management	90% spent of the total amount budgeted for the Security Fence at Centralized Inventory Store in Robertson by 30 June 2018 [(Actual expenditure / Approved budget allocation)x100]	% of budget spent	New Key Performance Indicator for 2017/18	Last Value	90%	100%	G 2		
TL33	Municipal Financial Viability and Management	90% spent of the total amount budgeted for the Restoration of Stores by 30 June 2018 [(Actual expenditure / Approved budget allocation)x100]	% of budget spent	New Key Performance Indicator for 2017/18	Last Value	90%	98.34%	G 2		
TL34	Municipal Financial Viability and Management	90% spent of the total amount budgeted for the vehicle for Stores & Insurance Section by 30 June 2018 [(Actual expenditure / Approved budget allocation) x100]	% of budget spent	New Key Performance Indicator for 2017/18	Last Value	90%	100%	G 2		

Ref	National KPA	KPI	Unit of Measurement	Baseline	KPI Calculation Type	Year – To Date As At June 2018				
						Target	Actual	R	Performance Comment	Corrective Measures
TL80	Basic Service Delivery	Complete the integrated zoning scheme for all towns and submit to Council for approval by 30 June 2018	Integrated zoning scheme completed and submitted to Council by 30 June 2018	Tender awarded in 2016/17	Carry Over	1	1	G		
TL81	Basic Service Delivery	Complete the review of the SDF and submit to Council for approval by 31 March 2018	Review completed and submitted to Council	Existing approved SDF	Carry Over	1	1	G		
TL96	Municipal Transformation and Institutional Development	90% spent of the total amount rolled over for ICT capital projects by September 2017 (Actual expenditure / by approved budget allocation)	% Budget spent	Roll-over project from 2016/17 (TL16)	Carry Over	90%	99.52%	G 2		
TL100	Municipal Transformation and Institutional Development	Purchase 1 flatbed truck for Robertson by 30 September 2017	Number of truck delivered	Roll -over project from 2016/17 (TL69)	Carry Over	1	1	G		
TL102	Good Governance and Public Participation	Spend 90% of the total amount budgeted for the Purchase of Internal Audit Software by 30 June 2018{(Total actual expenditure for the project/Total amount budgeted for the project)x100}	% of budget spent	New KPI	Carry Over	90%	79.24%	O	The internal audit software was purchased.	Saving incurred

SO5: Adherence to all laws and regulations applicable to LG

Ref	National KPA	KPI	Unit of Measurement	Baseline	KPI Calculation Type	Year – To Date As At June 2018				
						Target	Actual	R	Performance Comment	Corrective Measures
TL22	Basic Service Delivery	Provide free basic water to indigent households as at 30 June 2018	Number of indigent households receiving free basic water	5000	Last Value	5,000	6,794	G 2		
TL23	Basic Service Delivery	Provide free basic electricity to indigent households as at 30 June 2018	Number of indigent households receiving free basic electricity	5000	Last Value	5,000	6,977	G 2		
TL24	Basic Service Delivery	Provide free basic sanitation to indigent households as at 30 June 2018	Number of indigent households receiving free basic sanitation services	5000	Last Value	5,000	6,929	G 2		
TL25	Basic Service Delivery	Provide free basic refuse removal to indigent households as at 30 June 2018	Number of indigent households receiving free basic refuse removal services	5000	Last Value	5,000	6,940	G 2		
TL26	Municipal Financial Viability and Management	Financial viability measured in terms of the municipality's ability to meet its service debt obligations as at 30 June 2018 (Short Term Borrowing + Bank Overdraft + Short Term Lease + Long Term Borrowing + Long Term Lease) / Total Operating Revenue - Operating Conditional Grant)	% of debt coverage	60%	Reverse Last Value	60%	3%	B		
TL27	Municipal Financial Viability and Management	Financial viability measured in terms of the outstanding service debtors as at 30 June 2018 (Total outstanding service debtors/ revenue received for services)	% of outstanding service debtors	12%	Reverse Last Value	12%	6%	B		

Ref	National KPA	KPI	Unit of Measurement	Baseline	KPI Calculation Type	Year – To Date As At June 2018				
						Target	Actual	R	Performance Comment	Corrective Measures
TL28	Municipal Financial Viability and Management	Financial viability measured in terms of the available cash to cover fixed operating expenditure as at 30 June 2018 ((Cash and Cash Equivalents - Unspent Conditional Grants - Overdraft) + Short Term Investment) / Monthly Fixed Operational Expenditure excluding (Depreciation, Amortisation, and Provision for Bad Debts, Impairment and Loss on Disposal of Assets))	Number of months it takes to cover fix operating expenditure with available cash	2.2	Last Value	2.2	3	G 2		
TL29	Good Governance and Public Participation	Submit the final annual budget to Council by 31 May 2018	Final budget submitted to council	1	Carry Over	1	1	G		
TL30	Good Governance and Public Participation	Submit monthly reports in terms of Section 71 of the MFMA to Council	Number of reports submitted to Council	12	Accumulative	12	12	G		
TL31	Municipal Financial Viability and Management	Achieve a debtor payment percentage of 98% ((Gross Debtors Opening Balance + Billed Revenue - Gross Debtors Closing Balance - Bad Debts Written Off)/Billed Revenue) x 100	Payment % achieved	98%	Last Value	98%	100%	G 2		



CHAPTER FOUR

Organisational Development Performance

ORGANISATIONAL DEVELOPMENT PERFORMANCE

(PERFORMANCE REPORT PART II)

For the Municipality to reach its objectives to efficiently and effectively render required services to the community, it must maintain a knowledgeable and skilled workforce and have a sound staffing policy with transparent processes and procedures. The establishment must be staffed with the employees best suited for particular posts and sound labour practices with employment equity to rule the process.

The human resources management function within the Municipality is responsible for the administration of the municipal workforce and ensures that the municipality maintains effective and efficient functionality of required and legislatively compliant human resource processes and procedures.

COMPONENT A: INTRODUCTION TO THE MUNICIPAL PERSONNEL

4.1 EMPLOYEE TOTALS, VACANCIES AND TURNOVER

The tables below provide the employee totals, vacancy rate and staff turnover for 2017/2018. Although 181 posts are vacant, only 43 of those posts are budgeted for.

The Municipality has a total of 13 staff members with disabilities in 2017/2018 and a total of 6 Financial Management Interns.

Table 51: Employee Totals for 2017/2018

Employee Totals for 2017/2018				
Description	2017/2018			
	Number of approved posts	Number of Employees	Number of Vacancies	Vacancy %
Water	76	72	4	5.3%
Sanitation	28	26	2	7.1%
Electricity	72	57	15	20.8%
Waste Management	100	88	12	12%
Storm Water Drainage	27	25	2	7.5%
Roads	43	41	2	4.7%
Transport	0	0	0	0%
Planning	14	12	2	14.3%
Strategic Planning	12	9	3	25%
IT	5	3	2	40%
LED	6	5	1	16.7%
Community Facilities	43	34	9	20.9%
Environmental Protection	80	72	8	10%
Security and Safety	75	55	20	26.7%
Corporate Services and Other	323	224	99	30.7%
Totals	904	723	181	20%

Table 52: Turnover Rate for 2017/2018

Staff Turn-Over Rate			
Financial Year	Total number of appointments as at beginning of financial year	Number of terminations during financial year	% Turn-over Rate
2012/2013	674	49	7.2
2013/2014	691	69	9.9
2014/2015	681	57	8.3
2015/2016	693	48	6.9
2016/2017	709	62	8.7
2017/2018	710	38	5.4

COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE

The MSA 2000 S67 requires municipalities to develop and adopt appropriate systems and procedures to ensure fair, efficient, effective and transparent personnel administration in accordance with the Employment Equity Act 1998.

This section reports on all the measures necessary for the effective and efficient management of the Municipality's workforce and includes the regulatory environment and policy development, injuries and sickness, discipline, performance and rewards.

4.2 POLICIES

The Municipality is keen on providing a stable, regulated working environment to its staff and regard policy development important and of high priority. The table below reflects the status of available HR policies at the Municipality in 2017/2018.

Table 53: HR Policies and Plans

Policies and Plans			
No.	Name of Policy/Plan	Completed %	Adopted by Council (yes/no)
1	Affirmative Action	Part of EE Policy	Yes
2	Code of Conduct for Employees	100	No
3	Disciplinary Code and Procedures	100	No
4	Dress Code	100	No
5	Employment Equity	100	Yes
6	Exit Management	100	No
7	Grievance Procedures	100	No
8	HIV/AIDS	100	Yes
9	Human Resource and Development	100	Yes
10	Job Evaluation	100	No
11	Leave	100	Yes
12	Occupational Health and Safety	100	Yes
13	Official Working Hours and Overtime	100	No
14	Private Work	100	Yes
15	Recruitment, Selection and Appointments	100	Yes
16	Resettlement	100	Yes
17	Skills Development	100	Yes
18	Smoking	100	Yes
19	Travel and Subsistence	100	Yes
20	Organisational Structure (Macro and Micro)	100	Yes
21	Vehicle	100	Yes
22	Internal bursaries	100	Yes
23	Receiving of gifts	100	Yes
24	Retention	100	Yes

4.3 INJURIES, SICKNESS AND SUSPENSIONS

Table 54: Number of Injuries on Duty

Number of injuries on Duty					
Type of Injury	Number of days Injury Leave taken	Number of Employees using Injury Leave	% of Employees using Sick Leave	Average amount of Injury Leave Days per Employee	Total estimated cost R'000
Required basic medical attention only	261	36	4.9%	7.25	-
Temporary total disablement	0	0	0	0	0
Permanent disablement	0	0	0	0	0
Fatal	0	0	0	0	0

Table 55: Number and Period of Suspensions

Nature of Misconduct	Date of Suspension	Details of Disciplinary action taken or Status of case and reasons why not finalised	Date Finalised
Conflict of Interest & Breaching Political Activity Policy	07/02/2017	Disciplinary hearing has not yet been finalised due to numerous requests for postponement by the employee as a result of illness.	
Gross Dishonesty	15/02/2017	Disciplinary action was dependent on finalisation of criminal proceedings. Suspension has been lifted due to the long delay in finalising the criminal proceedings.	

Table 56: Disciplinary Action taken on cases of Financial Misconduct

Nature of alleged Misconduct and Rand value of any loss to the municipality	Disciplinary action taken	Date Finalised
Negligence – R 3 000,00	Written warning	18/10/2017
Negligence – R 5 000,00	Written warning	18/10/2017
Negligence – R 725,00	Written warning	12/12/2017
Negligence – R 1 447,80	Written warning	19/01/2018
Negligence – R 3 051,30	Written warning	26/01/2018
Negligence – R 1 074,15	Written warning	30/01/2018
Negligence – R 2 995,80	Written warning	15/02/2018
Negligence – R 5 000,00	Written warning	05/03/2018

Negligence – R 750,00	Written warning	06/03/2018
Negligence – R 959,64	Written warning	10/04/2018

4.4 PERFORMANCE REWARDS

The performance evaluation for Section 57 managers forms the basis for rewarding outstanding performance. Performance bonuses are paid in line with the suggested calculator and provisions of the Local Government Municipal Performance Regulations for Municipal Managers and Managers, directly Accountable to the Municipal Manager of 2006.

Table 57: Section 56 & 57 Performance Bonuses

Section 56 & 57 Performance Bonuses in Rand					
Name	Designation	Bonus Amount 2014/15	Bonus Amount 2015/16	Bonus Amount 2016/17	Bonus Amount 2017/18
Mr IAB van der Westhuizen	Director: Engineering Services	53 942	57 604	61 637	52 268
Ms CO Matthys	Director: Strategy & Social Development	53 942	57 604	61 637	52 268
Mr B Brown	Director: Financial Services (CFO)	N/A	N/A	12 327	52 182
Mr AWJ Everson	Director: Corporate Services	58 306	62 265	53 299	52 182
Mr SA Mokweni	Municipal Manager	70 283	75 056	80 310	85 128
Ms EC Liebenberg	Director: Community Services	N/A	N/A	20 545	52 182
Total Bonuses		236 474	252 529	289 755	346 210

COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE

The MSA 2000 S68 (1) requires municipalities to develop their human resource capacity to a level that enables them to perform their functions and exercise their powers in an economical, effective, efficient and accountable way.

4.5 SKILLS DEVELOPMENT AND TRAINING

As prescribed by legislation, the combined Workplace Skills Plan (WSP) was compiled in April 2018 and approved on 30 April 2018.

For the year under review 2017/2018, the Municipality trained 259 employees, compared to 285 employees in 2016/2017, compared to 360 employees in 2015/2016, 307 employees in 2014/2015 and 196 in the 2013/2014 financial year.

Table 58: Training per Job Category

Training per Job Category							
Directorate	Total	Legislators, Senior Officials and Managers	Clerks	Technicians and Associate Professionals	Craft and Related Trade Workers	Elementary Occupations	Professionals
Engineering Services	144	0	0	21	42	81	0
Financial Services	11	1	9	1	0	0	0
Strategy & Social Development	2	0	0	2	0	0	0
Corporate Services	19	0	10	0	0	9	0
Community Services	82	1	8	2	7	64	0
Municipal Manager's Office	1	0	0	1	0	0	0
Total: 2017/18	259	2	27	27	49	154	0
Total: 2016/17	285	2	12	14	79	178	0
Total: 2015/16	360	0	49	59	71	181	0
Total: 2014/15	307	2	72	42	54	137	0

Financial Competency Development Progress

In terms of Section 83 (1) of the MFMA, the accounting officer, senior managers, chief financial officer, non-financial managers and other financial officials of a municipality must meet the prescribed financial management competency levels that are important for the successful implementation of the Municipal Finance Management Act. National Treasury has prescribed such financial management competencies in Government Notice 493, dated 15 June 2007.

The table below provides details of the financial competency development progress and training needs of the Municipality thus far:

Table 59: Financial Competency Development Progress Report

Financial Competency Development: Progress Report				
Description	Total number of officials employed by municipality (Regulation 14(4)(a) and (c))	Competency assessments completed (Regulation 14(4)(b) and (d))	Total number of officials whose performance agreements comply with Regulation 16 (Regulation 14(4)(f))	Total number of officials that meet prescribed competency levels (Regulation 14(4)(e))
Financial Officials				
Accounting Officer	1	1	1	1
Chief Financial Officer	1	1	1	1
Senior Managers	24	24	21	21
Any other financial officials	10	10	9	9
Supply Chain Management Officials				
Heads of Supply Chain Management Units	1	1	-	1
Supply Chain Management Senior Managers	-	-	-	-

Skills Development Budget and Expenditure

The municipality offers learnerships and bursaries to staff to enhance organisational capacity and to further personal growth and career development. Organisational and staff development will continue to be a targeted focus in 2017/2018.

A total of nine (9) learners were recorded to have received training through Learnerships in 2017/2018, compared to nineteen (19) in 2016/2017 financial year and fifteen (15) in the 2015/2016 financial year and twenty-one (21) Learnerships recorded in 2014/15 financial year.

A total of seventeen (17) internal bursaries were awarded in 2017/2018.

Table 60: Bursaries per Directorate

Bursaries per Directorate				
Directorate	Number of Beneficiaries 2014/15	Number of Beneficiaries 2015/16	Number of Beneficiaries 2016/17	Number of Beneficiaries 2017/18
Community Services	N/A	1	1	4
Engineering Services	1	1	1	0
Financial Services	0	14	9	8
Strategy & Social Development	3	2	1	1
Corporate Services	1	6	1	3
Municipal Manager's Office	0	0	0	1
Total	7	24	13	17

The table below indicates the quantum of municipal budget allocated to skills development and the percentage spent over the past four years.

Table 61: Budget Allocations for Skills Development

Budget Allocations for Skills Development			'Rand
Financial Year	Budget	Expenditure	Percentage Spent
2017/2018	763 320	756 676	99.13
2016/2017	714 368	714 368	100
2015/2016	663 000	660 889	99.68
2014/2015	644 540	640 334	99.35

COMPONENT D: MANAGING THE WORKFORCE EXPENDITURE

Workforce expenditure is controlled against the approved establishment, the budget and anticipated vacancy rates arising from turnover. The municipality seeks to obtain value for money from the workforce by monitoring absenteeism and staff performance.

4.6. EMPLOYEE EXPENDITURE

Table 62: Employees whose salary levels exceed the grade determined by job evaluation

Employees whose salary levels exceed the grade determined by job evaluation				
Occupation	Number of Employees	Job Evaluation Level	Remuneration Level	Reason for Deviation
Senior Clerk	13	T6	113340-147144	Personal to incumbent
Housing Administrator	1	T9	173712-225492	Personal to incumbent
Clerk	5	T5	96024-124668	Personal to incumbent
Artisan (Electrician)	2	T10	195576-253848	Personal to incumbent
Supervisor	8	T7	137076-177888	Personal to incumbent
Traffic Officer	1	T9	173712-225492	Personal to incumbent
General Worker	47	T2	83292-91608	Personal to incumbent
Sewerage Attendant	6	T4	87384-110736	Personal to incumbent
Superintendent	1	T11	230368-299688	Personal to incumbent
General Assistant	2	T3	85308-100728	Personal to incumbent
Cadet Fire Fighter	1	T5	96024-124668	Personal to incumbent
Library Assistant	3	T6	113340-147144	Personal to incumbent
Executive PA	1	T7	137076-177888	Personal to incumbent
Switchboard Operator	1	T6	113340-147144	Personal to incumbent
Chief Clerk	1	T8	154296-200280	Personal to incumbent
Storeman	1	T5	96024-124668	Personal to incumbent
Water Purification Attendant	4	T4	87384-110736	Personal to incumbent
CAD Operator	1	T7	137076-177888	Personal to incumbent
Facilities Attendant	1	T4	87384-110736	Personal to incumbent

Table 63: Trends of Personnel Expenditure Compared to Operating Expenditure

Trends of Personnel Expenditure Compared to Operating Expenditure in Rand			
Financial Year	Salaries	Expenditure	Percentage
2017/2018	169 967 773	616 560 205	27.57%
2016/2017	158 847 362	569 924 175	27.87%
2015/2016	154 140 976	555 605 290	27.74%
2014/2015	138 520 695	515 984 773	26.84%

4.7 ORGANISATIONAL DEVELOPMENT OVERVIEW

The Municipality has an approved organisational structure which is reviewed together with the IDP annually. The organisational structure of the Municipality provides for five (5) section 56 positions and one (1) section 57 position. One of the section 56 positions is vacant. The overall vacancy rate of the Municipality for 2017/2018 was 5.6% (Budgeted posts).

Snr Management is capacitated and complies with the minimum requirements in terms of the National Qualifications Framework.

As required by the Skills Development Act, 1998 and the Sector Education Training Authorities Grant Regulations, 2012, the Municipality submitted its Workplace Skills Plan for staff training and development on 30 April 2018. The Municipality has a functional Training Committee.



CHAPTER FIVE

Financial Performance



FINANCIAL STATEMENTS

30 JUNE 2018

LANGEBERG MUNICIPALITY

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LANEBERG MUNICIPALITY
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018
GENERAL INFORMATION

NATURE OF BUSINESS

Langeberg Municipality is a local municipality performing the functions as set out in the Constitution. (Act no 105 of 1996)

COUNTRY OF ORIGIN AND LEGAL FORM

Langeberg Municipality is a South African Category B Municipality (Local Municipality) as defined by the Municipal Structures Act (Act no 117 of 1998).

JURISDICTION

The Langeberg Municipality includes the following towns and surrounding rural areas of Ashton, Bonnievale, McGregor, Montagu and Robertson

MUNICIPAL MANAGER

SA Mokweni

CHIEF FINANCIAL OFFICER

B Brown

REGISTERED OFFICE

Langeberg Municipality; 28 Main Road; Ashton; 6715

AUDITORS

Office of the Auditor General (WC)

PRINCIPAL BANKERS

ABSA; PO Box 4453; Tygervally; 7536

RELEVANT LEGISLATION

Basic Conditions of Employment Act (Act no 75 of 1997)
Division of Revenue Act
Electricity Act (Act no 41 of 1987)
Employment Equity Act (Act no 55 of 1998)
Housing Act (Act no 107 of 1997)
Infrastructure Grants
Municipal Budget and Reporting Regulations
Municipal Finance Management Act (Act no 56 of 2003)
Municipal Planning and Performance Management Regulations
Municipal Property Rates Act (Act no 6 of 2004)
Municipal Regulations on Standard Chart of Accounts
Municipal Structures Act (Act no 117 of 1998)
Municipal Systems Act (Act no 32 of 2000)
Municipal Systems Amendment Act (Act no 7 of 2011)
SALBC Collective Agreements
SALBC Leave Regulations
Skills Development Levies Act (Act no 9 of 1999)
Supply Chain Management Regulations, 2005
The Income Tax Act
Unemployment Insurance Act (Act no 30 of 1966)
Value Added Tax Act
Water Services Act (Act no 108 of 1997)

MEMBERS OF THE

COUNCILLORS

Jansen, H M	Executive Mayor
Van Eeden, S W	Speaker
Joubert, G D	Deputy Mayor
Janse, D B	Member of Mayoral Committee
Scheffers, E M J	Member of Mayoral Committee
Burger, J D	Member of Mayoral Committee
Strauss, S W	Member of Mayoral Committee
Beginsel, N J	Ordinary Councillor
Bosjan, E	Ordinary Councillor
Du Plessis, S	Ordinary Councillor
Grootboom, C J	Ordinary Councillor
Hess, P	Ordinary Councillor
Januarie, J J S	Ordinary Councillor
Kriel, J	Ordinary Councillor
Mafilika, J S	Ordinary Councillor
Mangenengene, H	Ordinary Councillor
Mbi, A S	Ordinary Councillor
Nteta, BH	Ordinary Councillor
Nyamana, W Z	Ordinary Councillor
Sibili, A J	Ordinary Councillor
Swanepoel, L M	Ordinary Councillor
Van Der Merwe	Ordinary Councillor
Van Zyl, J D F	Ordinary Councillor

WARD

DA	Proportional
DA	Ward 8
DA	Proportional
DA	Ward 6
DA	Ward 12
DA	Ward 1
DA	Ward 5
DA	Ward 9
ANC	Proportional
ICOSA	Proportional
PDM	Proportional
DA	Ward 3
ANC	Ward 4
DA	Ward 7
ANC	Proportional
DA	Proportional
ANC	Proportional
ANC	Ward 10
COPE	Proportional
ANC	Ward 2
EFF	Proportional
LIP	Proportional
DA	Ward 11

(*) Disclosed on page 2 are members as at 30 June 2018, note 31 discloses all the members that served during the year under review.

APPROVAL OF FINANCIAL STATEMENTS

I am responsible for the preparation of these annual financial statements year ended 30 June 2018, which are set out on pages 8 to 127 in terms of Section 126 (1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP), including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

I acknowledge that I am ultimately responsible for the system of internal financial control and that the system of internal control provides reasonable assurance that the financial records can be relied on.

I have reviewed the Municipality's cash flow forecast for the year to 30 June 2019 and am satisfied that the Municipality can continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the Municipality's financial statements.

I certify that the remuneration of Councillors and in-kind benefits are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

The annual financial statements were prepared on the going concern basis.



SA Mokweni
Municipal Manager

07 September 2018
Date

LANEBERG MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2018
REPORT OF THE CHIEF FINANCIAL OFFICER

1. INTRODUCTION

It gives me great pleasure to present the financial position of LANE BERG MUNICIPALITY for the fiscal year 2017/2018.

In rendering a corporate financial management service to all departments, the Finance Department's primary objective is to assist the other directorates to manage their budgets and ensure the effective application of financial resources in rendering services to the community.

2. KEY FINANCIAL INDICATORS

The economic downturn, Eskom price increases and reporting compliance in relation to mSCOA continue to put strain on good financial management.

Financial Statement Ratios:

INDICATOR	30 JUNE 2018	30 JUNE 2017
Surplus / (Deficit) for the year before Appropriations	11 341 382	76 602 247
Accumulated Surplus / (Deficit) at the end of the Year	584 588 589	598 315 184
Expenditure Categories as a percentage of Total Expenses:		
Employee related costs	27.57%	27.89%
Remuneration of Councillors	1.65%	1.62%
Bad Debts Written Off	1.48%	3.91%
Depreciation and Amortisation	4.14%	4.64%
Material	10.37%	3.10%
Actuarial losses	0.05%	0.00%
Unamortised Discount - Interest paid	0.01%	0.02%
Finance Charges	1.87%	2.13%
Bulk Purchases	43.17%	47.54%
Contracted services	3.91%	3.29%
Grants and Subsidies	0.30%	0.26%
Stock Adjustments	0.00%	0.00%
General Expenses	5.48%	5.60%

It should be noted that bulk purchases for water and electricity is 43.17% of the total expenditure for 2017/2018.

3. OPERATING RESULTS

The overall operating results for the year ended 30 June 2018 are as follows:

DETAILS	Actual 2017/2018 R	Actual 2016/2017 R	Percentage Variance %	Budgeted 2017/2018 R	Variance actual/ budgeted %
Opening surplus / (deficit)	598 315 184	517 073 114	15.71%	-	
Operating income for the year (incl. gains in disposal of assets)	620 029 636	636 690 672	-2.62%	667 882 478	-7.16%
Appropriations for the year	(25 067 977)	3 892 152		-	
	1 193 276 843	1 157 655 938	3.08%	667 882 478	78.67%
Expenditure:					
Operating expenditure for the year	616 560 205	569 924 175	8.18%	649 158 682	-5.02%
Closing surplus / (deficit)	584 588 589	598 315 184			
	1 201 148 794	1 168 239 359	2.82%	649 158 682	85.03%

4. FINANCING OF CAPITAL EXPENDITURE

The expenditure on Property, Plant and Equipment and Intangible Assets during the year amounted to R 48 888 802, and in percentage terms amounts to 80.42% of budget. Full details of Property, Plant and Equipment are disclosed in note number 13 and Intangible Assets in note number 15 to the Annual Financial Statements.

The capital expenditure of R 48 888 802 (2017/2018) was financed as follows:

DETAILS	Actual 2017/2018 R	Budgeted 2017/2018 R	Percentage Variance %	Source of funding as % of total Cap exp
Capital Replacement Reserve	21 026 023	24 572 460	-17%	46.84%
External Loans	-			
Grants and Subsidies	23 752 537	31 248 825	-32%	52.91%
Leased Assets	110 242		100%	0.25%
	44 888 802	55 821 285		100.00%

5. LONG-TERM BORROWINGS

	2018 R	2017 R
The outstanding amount of Long-term Liabilities as at 30 June was :	18 658 720	23 674 384
No new loans were taken up during the financial year to enable the municipality to finance its capital requirements.	-	-

Refer to Note number 3 and Appendix "A" for more detail.

6. NON-CURRENT PROVISIONS AND NON-CURRENT EMPLOYEE BENEFITS

Non-current Provisions and Employee Benefits at 30 June are made up as follows:	114 377 080	112 627 206
Provision for Post Retirement Benefits	51 084 796	50 185 498
Provision for Long Service Awards	9 110 689	8 679 728
Provision for Rehabilitation of Landfill-sites	54 181 595	53 761 980
	114 377 080	112 627 206

These provisions are made in order to enable the municipality to be in a position to fulfil its known legal obligations when they become due and payable.

7. CURRENT LIABILITIES

Current Liabilities are made up as follows:

Consumer Deposits	Note number 6	11 086 873	9 968 278
Current Employee benefits	Note number 7	17 754 544	14 576 647
Provisions	Note number 8	9 121 714	5 547 638
Payables from exchange transactions	Note number 9	64 490 166	71 791 433
Unspent Conditional Government Grants and Receipts	Note number 10	13 644 475	3 075 197
Unspent Public Contributions	Note number 11	684 330	684 330
Current Portion of Long-term Liabilities	Note number 3	4 516 800	5 056 160
		121 298 903	110 699 683

Current Liabilities are those liabilities of the municipality due and payable in the short-term (less than 12 months). There is no known reason as to why the municipality will not be able to meet its obligations.

Refer to the indicated Note numbers for more detail.

8. INTANGIBLE ASSETS

The net value of Intangible Assets is:	1 316 295	209 437
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These are assets which cannot physically be identified and verified and are all in respect of computer software.

Refer to Note number 15 for more detail.

9. PROPERTY, PLANT AND EQUIPMENT

The net value of Property, Plant and Equipment is:	633 371 235	612 826 197
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Refer to Note number 13 for more detail.

10. INVESTMENTS

The municipality held Investments to the value of :

Call Investment Accounts	130,034,742	95,083,394
Listed Investment	113,791	110,485
Unlisted Investments	12,850	12,336
	<u>130,161,383</u>	<u>95,206,215</u>

Refer to Note number 18 and 24 for more detail.

11. LONG-TERM RECEIVABLES

Refer to Note number 19 for more detail.

<u>496,426</u>	<u>634,415</u>
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12. CURRENT ASSETS

Current Assets are made up as follows:

Inventory	Note number 20	22,850,263	52,556,877
Receivables from exchange transactions	Note number 21	41,368,502	47,760,198
Receivables from non-exchange transactions	Note number 22	7,239,298	7,388,042
Operating Lease Asset	Note number 23	101,600	95,823
Taxes	Note number 12	2,209,480	1,809,247
Current Portion of Long-term Receivables	Note number 19	717,010	655,465
Cash and Cash Equivalents	Note number 24	149,134,832	115,104,639
		<u>223,620,984</u>	<u>225,370,292</u>

Refer to the indicated Note numbers for more detail.

13. INTER-GOVERNMENTAL GRANTS

The municipality plays a major role in the upliftment of the poor and in sustaining and improving infrastructure for all its citizens for which it uses grants received from government and other organisations, and thus it has a big responsibility as custodian of these funds.

Refer to Note number 26 as well as Appendix D for more detail.

14. EVENTS AFTER THE REPORTING DATE

Full details of all known events after the reporting date are disclosed in Note number 54.


15. DISCLOSURE ISSUES

Please refer to note number 48 to 60.

16. EXPRESSION OF APPRECIATION

I am grateful to the Municipal Manager, Directors and Heads of Departments for the support they extended during the financial year.

The work involved in producing financial statements just gets more detailed each year and therefore my heartfelt thanks goes to the staff at all levels and in all departments, for their hard work and dedication.


Mr B Brown
CHIEF FINANCIAL OFFICER
07 September 2018

LANGEBERG MUNICIPALITY

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2018

	Notes	2018 R	Restated 2017 R
NET ASSETS AND LIABILITIES			
Net Assets		641 009 591	629 668 210
Capital Replacement Reserve	2	56 421 002	31 353 026
Accumulated Surplus		584 588 589	598 315 184
Non-Current Liabilities		127 842 843	130 553 663
Long-term Borrowings	3	13 465 763	17 926 458
Non-Current Employee Benefits	4	60 195 485	58 865 226
Non-Current Provisions	5	54 181 595	53 761 980
Current Liabilities		121 298 903	110 699 683
Consumer Deposits	6	11 086 873	9 968 278
Current Employee benefits	7	17 754 544	14 576 647
Provisions	8	9 121 714	5 547 638
Trade and Other Payables from Exchange Transactions	9	64 490 166	71 791 433
Unspent Transfers and Subsidies	10	13 644 475	3 075 197
Unspent Public Contributions	11	684 330	684 330
Current Portion of Long-term Borrowings	3	4 516 800	5 056 160
Total Net Assets and Liabilities		890 151 338	870 921 555
ASSETS			
Non-Current Assets		666 530 354	645 551 263
Property, Plant and Equipment	13	633 371 235	612 826 197
Investment Property	14	26 901 486	26 951 067
Intangible Assets	15	1 316 295	209 437
Heritage Assets	16	260 000	260 000
Capitalised Restoration cost	17	4 058 270	4 547 326
Non-Current Investments	18	126 641	122 821
Non-Current Receivables	19	496 426	634 415
Current Assets		223 620 984	225 370 292
Inventory	20	22 850 263	52 556 877
Receivables from exchange transactions	21	41 368 502	47 760 198
Receivables from non-exchange transactions	22	7 239 298	7 388 042
Operating Lease Asset	23	101 600	95 823
Taxes	12	2 209 480	1 809 247
Current Portion of Non-Current Receivables	19	717 010	655 465
Cash and Cash Equivalents	24	149 134 832	115 104 639
Total Assets		890 151 338	870 921 555

LANGEBERG MUNICIPALITY

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2018

		2018	2017
	Notes	Actual	Restated
REVENUE			
Revenue from Non-exchange Transactions		182 312 929	197 965 055
Taxation Revenue		46 521 253	42 685 693
Property rates	25	46 521 253	42 685 693
Transfer Revenue		124 046 647	136 571 567
Government Grants and Subsidies - Capital	26	24 144 506	24 502 697
Government Grants and Subsidies - Operating	26	99 861 701	112 068 870
Contributed Property, Plant and Equipment		40 439	-
Other Revenue		11 745 029	18 707 794
Interest Earned - Non-exchange Transactions		464 514	388 891
Actuarial Gains	4	4 348 861	5 177 099
Availability fees		2 402 373	2 349 311
Fines		4 529 280	10 792 493
Revenue from Exchange Transactions		437 716 707	440 096 189
Service Charges	27	399 062 336	405 781 216
Rental from Fixed Assets		2 887 897	2 713 779
Interest Earned - external investments		10 773 393	8 886 937
Interest Earned - Exchange Transactions		2 143 978	1 778 762
Licences and Permits		1 038 901	1 502 807
Agency Services		3 929 797	3 498 222
Sales of Goods and Rendering of Services	28	16 206 578	13 298 370
Operational Revenue	29	1 615 510	2 563 566
Unamortised Discount - Interest		58 317	72 531
Total Revenue		620 029 636	638 061 243
EXPENDITURE			
Employee related costs	30	169 967 773	158 847 362
Remuneration of Councillors	31	10 202 437	9 233 663
Bad Debts Written Off	32	9 100 016	23 282 115
Depreciation and Amortisation	34	25 545 556	26 402 903
Inventory Consumed	20	63 907 534	17 659 629
Actuarial losses	4	335 235	-
Unamortised Discount - Interest paid		73 927	92 495
Finance Charges	36	11 527 664	12 138 930
Bulk Purchases	37	266 195 417	270 735 747
Contracted services	38	24 119 939	18 176 918
Grants and Subsidies	39	1 819 542	1 506 878
Operational Costs	40	33 765 165	31 847 536
Total Expenditure		616 560 205	569 924 175
Operating Surplus/(Deficit) for the Year		3 469 431	68 137 068
Inventories: (Write-down)/Reversal of Write-down to Net Realisable Value		(304 545)	(1 096)
Reversal of Impairment Loss/(Impairment Loss) on Receivables	33	294 800	9 154 965
Gains/(Loss) on disposal of Property, Plant and Equipment		7 945 336	340 377
Reversal of Impairment Loss/(Impairment Loss) on Assets	35	(67 460)	(283 314)
Profit/(Loss) on Fair Value Adjustments		3 821	1 918
NET SURPLUS/(DEFICIT) FOR THE YEAR		11 341 382	77 349 918

LANGEBERG MUNICIPALITY

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2018

	Capital Replacement Reserve	Accumulated Surplus/(Deficit)	Total
	R	R	R
Balance at 01 JULY 2016	35 245 178	518 636 107	553 881 284
Correction of error (Refer Note 42)	-	(1 562 993)	(1 562 993)
Balance at 01 JULY 2016	35 245 178	517 073 114	552 318 292
Net Surplus for the year	-	77 349 918	77 349 918
Net Surplus previously reported	-	76 602 247	76 602 247
Effects of Correction of Errors (Refer Note 42)	-	747 671	747 671
Transfer to/from CRR	22 403 575	(22 403 575)	-
Property, Plant and Equipment purchased	(26 295 727)	26 295 727	-
Balance at 30 JUNE 2017	31 353 026	598 315 184	629 668 210
Net Surplus for the year	-	11 341 382	11 341 382
Transfer to/from CRR	46 094 000	(46 094 000)	-
Property, Plant and Equipment purchased	(21 026 023)	21 026 023	-
Balance at 30 JUNE 2018	56 421 002	584 588 589	641 009 591

LANGEBERG MUNICIPALITY

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2018

		30 JUNE 2018	RESTATED 30 JUNE 2017
	Notes	R	R
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts			
Ratepayers and other		478 608 313	464 050 309
Government - operating		103 375 486	112 852 649
Government - capital		31 200 000	23 963 762
Interest		10 773 393	8 742 545
Payments			
Suppliers and employees		(543 641 187)	(541 624 596)
Finance charges		(2 255 686)	(2 896 726)
Transfers and Grants		(1 819 542)	(132 500)
Cash generated by operations	43	76 240 776	64 955 444
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Property, Plant and Equipment		(45 222 551)	(51 009 238)
Proceeds on Disposals		8 391 800	1 765 724
Purchase of Intangible Assets		(1 372 521)	(53 291)
Net Cash from Investing Activities		(38 203 272)	(49 296 806)
CASH FLOW FROM FINANCING ACTIVITIES			
Loans repaid		(5 125 906)	(4 590 962)
(Decrease)/Increase in Consumer Deposits		1 118 595	948 704
Net Cash from Financing Activities		(4 007 310)	(3 642 257)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		34 030 193	12 016 380
Cash and Cash Equivalents at the beginning of the year		115 104 639	103 088 259
Cash and Cash Equivalents at the end of the year	44	149 134 832	115 104 639
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		34 030 193	12 016 380

LANGEBERG MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2018

COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

	2018 R (Actual)	2018 R (Final Budget)	2018 R (Variance)	Explanations for material variances
ASSETS				
Current assets				
Cash	19 100 090	49 312 989	(30 212 899)	Cash not committed moved to call investment deposits.
Call investment deposits	130 034 742	60 000 000	70 034 742	Improved cash flow management to optimise on interest revenue
Consumer debtors	48 607 799	34 073 520	14 534 279	Consumer debtors realised more than anticipated.
Other Receivables	2 311 080	33 910 080	(31 599 000)	Other receivables realised less than anticipated.
Current portion of long-term receivables	717 010	687 186	29 824	
Inventory	22 850 263	53 598 284	(30 748 021)	Housing Work in Progress: McGregor.
Total current assets	223 620 984	231 582 059	(7 961 075)	
Non current assets				
Long-term receivables	496 426	602 695	(106 269)	
Investments	126 641	122 821	3 820	
Investment property	26 901 486	26 904 913	(3 427)	
Property, plant and equipment	637 429 505	638 936 729	(1 507 224)	Budget for Capitalised Restoration Cost included in PPE
Biological Assets	-	-	-	
Intangible Assets	1 316 295	137 392	1 178 903	
Heritage Assets	260 000	260 000	-	
Other Non-Current Assets	-	3 500 000	(3 500 000)	
Total non current assets	666 530 354	670 464 550	(3 934 196)	
TOTAL ASSETS	890 151 338	902 046 609	(11 895 271)	
LIABILITIES				
Current liabilities				
Bank overdraft	-	-	-	
Borrowing	4 516 800	5 056 160	(539 360)	
Consumer deposits	11 086 873	10 466 692	620 181	
Trade and other payables	78 818 972	97 333 745	(18 514 773)	Actual trade and other payables realised lower at year end than budgeted.
Provisions and Employee Benefits	26 876 258	21 130 499	5 745 759	Liability realised higher than anticipated based on actuarial valuations.
Total current liabilities	121 298 903	133 987 096	(12 688 193)	
Non current liabilities				
Borrowing	13 465 763	13 694 211	(228 448)	
Provisions and Employee Benefits	114 377 080	118 258 566	(3 881 486)	
Total non current liabilities	127 842 843	131 952 777	(4 109 934)	
TOTAL LIABILITIES	249 141 747	265 939 873	(16 798 126)	
NET ASSETS	641 009 591	636 106 736	4 902 855	
COMMUNITY WEALTH				
Accumulated Surplus/(Deficit)	584 588 589	604 753 711	(20 165 122)	Higher than anticipated operating surplus.
Reserves	56 421 002	31 353 025	25 067 977	
TOTAL COMMUNITY WEALTH/EQUITY	641 009 591	636 106 736	4 902 855	

LANGEBERG MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2017

ADJUSTMENTS TO APPROVED BUDGET

	2018 R (Approved Budget)	2018 R (Adjustments)	2018 R (Final Budget)	Explanations for material adjustments
ASSETS				
Current assets				
Cash	49 312 989	-	49 312 989	
Call investment deposits	60 000 000	-	60 000 000	
Consumer debtors	34 073 520	-	34 073 520	
Other Receivables	33 910 080	-	33 910 080	
Current portion of long-term receivables	687 186	-	687 186	
Inventory	53 598 284	-	53 598 284	
Total current assets	231 582 059	-	231 582 059	
Non current assets				
Long-term receivables	602 695	-	602 695	
Investments	122 821	-	122 821	
Investment property	26 904 913	-	26 904 913	
Property, plant and equipment	638 936 729	-	638 936 729	
Biological Assets	-	-	-	
Intangible Assets	137 392	-	137 392	
Heritage Assets	260 000	-	260 000	
Other Non-Current Assets	3 500 000	-	3 500 000	
Total non current assets	670 464 550	-	670 464 550	
TOTAL ASSETS	902 046 609	-	902 046 609	
LIABILITIES				
Current liabilities				
Bank overdraft	-	-	-	
Borrowing	5 056 160	-	5 056 160	
Consumer deposits	10 466 692	-	10 466 692	
Trade and other payables	97 333 745	-	97 333 745	
Provisions and Employee Benefits	21 130 499	-	21 130 499	
Total current liabilities	133 987 096	-	133 987 096	
Non current liabilities				
Borrowing	13 694 211	-	13 694 211	
Provisions and Employee Benefits	118 258 566	-	118 258 566	
Total non current liabilities	131 952 777	-	131 952 777	
TOTAL LIABILITIES	265 939 873	-	265 939 873	
NET ASSETS	636 106 736	-	636 106 736	
COMMUNITY WEALTH				
Accumulated Surplus/(Deficit)	604 753 711	-	604 753 711	
Reserves	31 353 025	-	31 353 025	
TOTAL COMMUNITY WEALTH/EQUITY	636 106 736	-	636 106 736	

LANGEBERG MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2018

COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

	2018 R (Actual)	2018 R (Final Budget)	2018 R (Variance)	Explanations for material variances
REVENUE BY SOURCE				
Property rates	46 521 253	50 885 510	(4 364 257)	
Property rates - penalties & collection charges	-	-	-	
Service charges	399 062 336	417 904 438	(18 842 102)	Decrease in water and electricity sales.
Rental of facilities and equipment	2 887 897	3 784 630	(896 733)	
Interest earned - external investments	10 773 393	7 174 020	3 599 373	
Interest earned - outstanding debtors	2 608 492	2 385 600	222 892	
Actuarial Gains	4 348 861	-	4 348 861	Included in Other revenue in the budget information
Fair Value Adjustments	-	-	-	
Availability Fees	2 402 373	3 798 870	(1 396 497)	
Fines	4 529 280	9 597 450	(5 068 170)	TMT contract ended December 2016
Impairment Reversal	-	-	-	Reversal of Impairment Allowance on Exchange and Non Exchange Transaction:
Stock Adjustments	-	155 430	(155 430)	
Licences and permits	1 038 901	1 353 530	(314 629)	
Agency services	3 929 797	4 767 560	(837 763)	
Government Grants and Subsidies	124 046 647	147 144 700	(23 098 053)	Unspent capital grants.
Other revenue	17 880 405	10 462 170	7 418 235	Actuarial Gains, Fair Value Adjustments, Availability Fees included separately on Actual
Gain on disposal of Property, Plant and Equipment	7 945 336	1 293 720	6 651 616	Information versus Budgeted Information
Total Operating Revenue	627 974 971	660 707 628	(32 732 657)	
EXPENDITURE BY TYPE				
Employee related costs	169 967 773	175 636 539	(5 668 766)	Savings on employee related costs due to vacant posts
Remuneration of councillors	10 202 437	10 278 180	(75 743)	
Bad Debts Written Off	9 100 016	-	-	
Debt impairment	-	14 415 910	(14 415 910)	Reversal of Impairment Allowance on Exchange and Non Exchange Transaction:
Depreciation & asset impairment	25 545 556	34 461 572	(8 916 016)	
Finance charges	11 527 664	10 444 681	1 082 983	
Bulk purchases	266 195 417	270 171 540	(3 976 123)	
Other materials	63 907 534	14 012 746	49 894 788	Included in other expenditure on budget schedules
Contracted services	24 119 939	64 509 803	(40 389 864)	Repairs and maintenance unpacked and classified according to nature
Grants and Subsidies	1 819 542	8 147 161	(6 327 619)	
Other expenditure	34 247 711	53 028 180	(18 780 469)	Housing Work in Progress McGregor, expenses only recognised once houses are
Loss on disposal of Property, Plant and Equipment	-	540 120	(540 120)	handed over
Total Operating Expenditure	616 633 590	655 646 432	(39 012 842)	
Operating Surplus for the year	11 341 382	5 061 196	6 280 186	

LANGEBERG MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2018

ADJUSTMENTS TO APPROVED BUDGET

	2018 R (Approved Budget)	2018 R (Adjustments)	2018 R (Final Budget)	2018 R Final Virements	2018 R (Final Year-end Budget)	Reasons for material adjustments
REVENUE BY SOURCE						
Property rates	50 885 510	-	50 885 510	-	50 885 510	
Property rates - penalties & collection charges	-	-	-	-	-	
Service charges	421 703 308	-	421 703 308	-	421 703 308	
Rental of facilities and equipment	3 784 630	-	3 784 630	-	3 784 630	
Interest earned - external investments	7 174 020	-	7 174 020	-	7 174 020	
Interest earned - outstanding debtors	2 385 600	-	2 385 600	-	2 385 600	
Fines	9 597 450	-	9 597 450	-	9 597 450	
Licences and permits	1 353 530	-	1 353 530	-	1 353 530	
Agency services	4 767 560	-	4 767 560	-	4 767 560	
Transfers recognised	147 144 700	-	147 144 700	-	147 144 700	
Other revenue	10 617 600	-	10 617 600	-	10 617 600	
Gains on disposal of PPE	1 293 720	-	1 293 720	-	1 293 720	
Total Operating Revenue	660 707 628	-	660 707 628	-	660 707 628	
EXPENDITURE BY TYPE						
Employee related costs	175 636 539	-	175 636 539	-	175 636 539	
Remuneration of councillors	10 278 180	-	10 278 180	-	10 278 180	
Debt impairment	14 415 910	-	14 415 910	-	14 415 910	
Depreciation & asset impairment	34 461 572	-	34 461 572	-	34 461 572	
Finance charges	10 444 681	-	10 444 681	611 235	11 055 916	
Bulk purchases	270 171 540	-	270 171 540	(80 000)	270 091 540	
Other materials	14 012 746	-	14 012 746	7 799 496	21 812 242	Transfers due to mSCOA
Contracted services	64 509 803	-	64 509 803	379 005	64 888 808	
Grants and subsidies paid	8 147 161	-	8 147 161	325 000	8 472 161	
Other expenditure	53 028 180	-	53 028 180	(9 034 736)	43 993 444	Transfers due to mSCOA
Loss on disposal of PPE	540 120	-	540 120	-	540 120	
Total Operating Expenditure	655 646 432	-	655 646 432	-	655 646 432	
Operating Surplus/(Deficit) for the year	5 061 196	-	5 061 196	-	5 061 196	

LANGEBERG MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2018
COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

	2018 R (Actual)	2018 R (Final Budget)	2018 R (Variance)	Explanations for material variances
CASH FLOW FROM OPERATING ACTIVITIES				
Receipts				
Ratepayers and other	478 608 313	479 697 452	(1 089 139)	Actual receipts from ratepayers and other realised higher than anticipated
Government - operating	103 375 486	117 621 847	(14 246 361)	Unspent capital grants.
Government - capital	31 200 000	46 118 157	(14 918 157)	
Interest	10 773 393	7 174 020	3 599 373	
Dividends	-	-	-	
Payments				
Suppliers and Employees	(543 641 187)	(576 044 660)	32 403 473	Actual payments to suppliers and employees realised more than budgeted
Finance charges	(2 255 686)	(10 444 681)	8 188 995	External loan will only be taken up in 2018/2019.
Transfers and Grants	(1 819 542)	(8 147 161)	6 327 619	
NET CASH FROM/(USED) OPERATING ACTIVITIES	76 240 776	55 974 974	20 265 802	
CASH FLOWS FROM INVESTING ACTIVITIES				
Receipts				
Proceeds on disposal of Assets	8 391 800	753 600	7 638 200	
Decrease/(increase) in non-current receivables	-	(3 500 000)	3 500 000	
Decrease/(increase) in non-current investments	-	-	-	
Payments				
Capital assets	(46 595 072)	(55 286 392)	8 691 320	Under expenditure on capital budget.
NET CASH FROM/(USED) INVESTING ACTIVITIES	(38 203 272)	(58 032 792)	19 829 520	
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipts				
Borrowing	-	-	-	
Increase/(decrease) in consumer deposits	1 118 595	498 414	620 181	
Payments				
Repayment of borrowing	(5 125 906)	(4 232 246)	(893 660)	
NET CASH FROM/(USED) FINANCING ACTIVITIES	(4 007 310)	(3 733 832)	-273 478	
NET INCREASE/(DECREASE) IN CASH HELD	34 030 193	(5 791 650)	39 821 843	Increase in cash held realised less than budgeted
Cash and Cash Equivalents at the beginning of the year	115 104 639	115 104 639	(0)	
Cash and Cash Equivalents at the end of the year	149 134 832	109 312 989	39 821 843	

LANGEBERG MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2018

ADJUSTMENTS TO APPROVED BUDGET

	2018 R (Approved Budget)	2018 R (Adjustments)	2018 R (Final Budget)	Reasons for material adjustments
CASH FLOW FROM OPERATING ACTIVITIES				
Receipts				
Ratepayers and other	479 697 452	-	479 697 452	
Government - operating	117 621 847	-	117 621 847	
Government - capital	46 118 157	-	46 118 157	
Interest	7 174 020	-	7 174 020	
Dividends	-	-	-	
Payments				
Suppliers and Employees	(576 044 660)	-	(576 044 660)	
Finance charges	(10 444 681)	-	(10 444 681)	
Transfers and Grants	(8 147 161)	-	(8 147 161)	
NET CASH FROM/(USED) OPERATING ACTIVITIES	55 974 974	-	55 974 974	
CASH FLOWS FROM INVESTING ACTIVITIES				
Receipts				
Proceeds on disposal of Assets	753 600	-	753 600	
Decrease/(increase) in non-current receivables	(3 500 000)	-	(3 500 000)	
Decrease/(increase) in non-current investments	-	-	-	
Payments				
Capital assets	(55 286 392)	-	(55 286 392)	
NET CASH FROM/(USED) INVESTING ACTIVITIES	(58 032 792)	-	(58 032 792)	
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipts				
Borrowing	-	-	-	
Increase/(decrease) in consumer deposits	498 414	-	498 414	
Payments				
Repayment of borrowing	(4 232 246)	-	(4 232 246)	
NET CASH FROM/(USED) FINANCING ACTIVITIES	(3 733 832)	-	(3 733 832)	
NET INCREASE/(DECREASE) IN CASH HELD	(5 791 650)	-	(5 791 650)	
Cash and Cash Equivalents at the beginning of the year	115 104 639	-	115 104 639	
Cash and Cash Equivalents at the end of the year	109 312 989	-	109 312 989	

LANGEBERG MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

1. ACCOUNTING PRINCIPLES AND POLICIES APPLIED IN THE FINANCIAL STATEMENTS

1.1. BASIS OF PREPARATION

The annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise.

The annual financial statements have been prepared in accordance with the Finance Management Act (MFMA) and effective Standards of Generally Recognised Accounting Practice (GRAP), including any interpretations and directives issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003).

Accounting policies for material transactions, events or conditions not covered by the GRAP reporting framework, have been developed in accordance with paragraphs 8, 10 and 11 of GRAP 3 (Revised – March 2015) and the hierarchy approved in Directive 5 issued by the Accounting Standards Board.

A summary of the significant accounting policies, which have been consistently applied except where an exemption or transitional provision has been granted, are disclosed below.

Assets, liabilities, revenue and expenses have not been offset except when offsetting is permitted or required by a Standard of GRAP.

The accounting policies applied are consistent with those used to present the previous year's financial statements, unless explicitly stated. The details of any changes in accounting policies are explained in the relevant notes to the annual financial statements.

LANGEBERG MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

In terms of Directive 7: "The Application of Deemed Cost on the Adoption of Standards of GRAP" issued by the Accounting Standards Board, the Municipality applied deemed cost to Property, Plant and Equipment, Investment Property and Intangible Assets where the acquisition cost of an asset could not be determined.

1.2. PRESENTATION CURRENCY

Amounts reflected in the financial statements are in South African Rand and at actual values. Financial values are rounded to the nearest one Rand. No foreign exchange transactions are included in the statements.

1.3. GOING CONCERN ASSUMPTION

These annual financial statements have been prepared on a going concern basis.

1.4. COMPARATIVE INFORMATION

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated, unless a standard of GRAP does not require the restatements of comparative information. The nature and reason for the reclassification is disclosed. Where accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

The Municipal Regulations on Standard Chart of Accounts (mSCOA) came into effect on 1 July 2017. The municipality has realigned items in the financial statements with the Item Segment of mSCOA. The result of this process was a reclassification and naming of items in the annual financial statements. The reclassification of 2017 audited amounts is set out on the face of the Statement of Financial Performance of the annual financial statements.

LANGEBERG MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

1.5. AMENDED DISCLOSURE POLICY

Amendments to accounting policies are reported as and when deemed necessary based on the relevance of any such amendment to the format and presentation of the financial statements. The principal amendments to matters disclosed in the current financial statements include errors.

1.6. MATERIALITY

Material omissions or misstatements of items are material if they could, individually or collectively, influence the decision or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatements judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor. Materiality is determined as 1% of total operating expenditure. This materiality is from management's perspective and does not correlate with the auditor's materiality.

1.7. PRESENTATION OF BUDGET INFORMATION

The presentation of budget information is prepared in accordance with GRAP 24 and guidelines issued by National Treasury. The comparison of budget and actual amounts are disclosed as separate additional financial statements, namely Statements of comparison of budget and actual amounts.

Budget information is presented on the accrual basis and is based on the same period as the actual amounts. The budget information is therefore on a comparable basis to the actual amounts.

The comparable information includes the following:

- the approved and final budget amounts;
- actual amounts and final budget amounts;

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

Explanations for differences between the approved and final budget are included in the Notes to the Financial Statements.

Explanations for material differences between the final budget amounts and actual amounts are included the notes to the annual financial statements.

The disclosure of comparative information in respect of the previous period is not required in terms of GRAP 24.

1.8. STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

GRAP 18 Segment Reporting is effective from 1 April 2015. The implementation of GRAP 18 is delayed, in terms of Directive 5, for municipalities for the 2017/18 financial year and municipalities are not required to apply or early adopt GRAP 18. The implementation date of GRAP 18 is 1 April 2019.

The following GRAP standards have been issued but are not yet effective and have not been early adopted by the municipality:

REFERENCE	TOPIC	EFFECTIVE DATE
GRAP 20 (Original – Jun 2011)	<u>Related Party Disclosure</u> The objective of this Standard is to ensure that a Municipality's financial statements contains the disclosures necessary to draw attention to the possibility that its financial position and surplus or deficit may have been affected by the existence of related parties and by transactions and outstanding balances with such parties. The Municipality resolved to adopt some of the disclosure requirements as per GRAP 20. The information is therefore included in the financial statements.	1 April 2019
GRAP 32	<u>Service Concession Arrangements: Grantor</u>	1 April 2019

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

(Original – Aug 2013)	<p>The objective of this Standard is to prescribe the accounting for service concession arrangements by the grantor and a public entity.</p> <p>No significant impact expected as no such transactions or events are expected in the foreseeable future.</p>	
GRAP 108 (Original – Sept 2013)	<p><u>Statutory Receivables</u></p> <p>The objective of this Standard is to prescribe accounting requirements for the recognition, measurement, presentation and disclosure of statutory receivables.</p> <p>The Municipality has resolved to adopt the principles as set out in GRAP 108 to formulate its own accounting policy.</p>	1 April 2019
GRAP 109	<p><u>Accounting by Principles and Agents</u></p> <p>The objective of this Standard is to outline principles to be used by an entity to assess whether it is party to a principal-agent arrangement, and whether it is a principal or an agent in undertaking transactions in terms of such an arrangement.</p> <p>No significant impact is expected as the Municipality's current treatment is already in line with the Standards treatment.</p>	1 April 2019
GRAP 110	<p><u>Living and non-living resources</u></p> <p>The objective of this Standard is prescribe the recognition, measurement, presentation and disclosure requirements for living resources; and disclosure requirements for non-living resources.</p> <p>No significant impact expected as no such transactions or events are expected in the foreseeable future.</p>	1 April 2020
IGRAP 17	<p><u>Service Concession Arrangements where a grantor controls a significant residual interest in an Asset</u></p> <p>The Interpretation of the Standards is to provide guidance to the grantor where it has entered into a service concession arrangement, but only controls, through a significant residual interest in a service concession asset at the end of the arrangement, where the arrangement does not constitute a lease.</p>	Unknown

LANGEBERG MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

	No significant impact is expected as the Municipality's current treatment is already in line with the Standards treatment	
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These standards, amendments and interpretations will not have a significant impact on the Municipality once implemented.

1.9. RESERVES

1.9.1. *Capital Replacement Reserve (CRR)*

In order to finance the provision of infrastructure and other items of property, plant and equipment from internal sources, funds are transferred from the accumulated surplus / (deficit) to the CRR. The cash funds in the CRR can only be utilized for the purpose of purchasing/ construction of items of property, plant and equipment and may not be used for the maintenance of these items. The CRR is reduced and the accumulated surplus / (Deficit) are credited by a corresponding amount when the amounts in the CRR are utilized.

1.10. LEASES

1.10.1. *Municipality as Lessee*

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the Municipality. Property, plant and equipment or intangible assets (excluding licensing agreements for such items as motion picture films, video recordings, plays, manuscripts, patents and copyrights) subject to finance lease agreements are initially recognised at the lower of the asset's fair value and the present value of the minimum lease payments. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the Municipality uses

LANGEBERG MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant and equipment, investment property or intangibles assets. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to de-recognition of financial instruments are applied to lease payables.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are recognised on a straight-line basis over the term of the relevant lease. The difference between the straight-lined expenses and actual payments made will give rise to a liability. The Municipality recognises the aggregate benefit of incentives as a reduction of rental expense over the lease term, on a straight-line basis unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

1.10.2. Municipality as Lessor

Under a finance lease, the municipality recognises the lease payments to be received in terms of a lease agreement as an asset (receivable). The receivable is calculated as the sum of all the minimum lease payments to be received, plus any unguaranteed residual accruing to the municipality, discounted at the interest rate implicit in the lease. The receivable is reduced by the capital portion of the lease instalments received, with the interest portion being recognised as interest revenue on a time proportionate basis. The accounting policies relating to derecognition and impairment of financial instruments are applied to lease receivables.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are recognised on a straight-line basis over the term of the relevant lease. The difference between the straight-lined revenue and actual payments received will give rise to an asset. The Municipality shall recognise the aggregate cost of incentives as a reduction of rental revenue over the lease term, on a straight-line basis unless another systematic basis is representative of the time pattern over which the benefit of the leases asset is diminished.

1.11. BORROWING COST

The Municipality recognises all borrowing costs as an expense in the period in which they are incurred.

1.12. UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS

Conditional government grants are subject to specific conditions. If these specific conditions are not met, the monies received are repayable.

Unspent conditional grants are liabilities that are separately reflected on the Statement of Financial Position. They represent unspent government grants, subsidies and contributions from government organs. Unspent conditional grants are not considered to be financial instruments as there are no contractual arrangements as required per GRAP 104. Once the conditional grant becomes repayable to the donor due to conditions not met, the remaining portion of the unspent conditional grant is reclassified as payables, which is considered to be a financial instrument.

This liability always has to be cash-backed. The following provisions are set for the creation and utilisation of this creditor:

- Unspent conditional grants are recognised as a liability when the grant is received.

LANGEBERG MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

- When grant conditions are met an amount equal to the conditions met are transferred to revenue in the Statement of Financial Performance.
- The cash which backs up the creditor is invested until it is utilised.
- Interest earned on the investment is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the liability. If it is the Municipality's interest it is recognised as interest earned in the Statement of Financial Performance.

1.13. UNPAID CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS

Unpaid conditional grants are assets in terms of the Framework that are separately disclosed in the Statement of Financial Position. The asset is recognised when the Municipality has an enforceable right to receive the grant or if it is virtually certain that it will be received based on that grant conditions have been met. They represent unpaid government grants, subsidies and contributions from public.

The following provisions are set for the creation and utilisation of grant receivables:

- Unpaid conditional grants are recognised as an asset when the grant is receivable.

1.14. UNSPENT PUBLIC CONTRIBUTIONS

Public contributions are subject to specific conditions. If these specific conditions are not met, the monies received are repayable.

Unspent public contributions are liabilities that are separately reflected on the Statement of Financial Position. They represent unspent government grants, subsidies and contributions from the public. Unspent public contributions are not considered to be financial instruments as there are no contractual arrangements as required per GRAP 104. Once the public contribution becomes repayable to the donor due to conditions not met, the remaining portion of the unspent public

LANGEBERG MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

contribution is reclassified as payables, which is considered to be a financial instrument.

This liability always has to be cash-backed. The following provisions are set for the creation and utilisation of this creditor:

- Unspent public contributions are recognised as a liability when the grant is received.
- When grant conditions are met an amount equal to the conditions met are transferred to revenue in the Statement of Financial Performance.
- The cash which backs up the creditor is invested as individual investment or part of the general investments of the municipality until it is utilised.
- Interest earned on the investment is treated in accordance with the public contribution conditions. If it is payable to the funder it is recorded as part of the creditor. If it is the municipality's interest it is recognised as interest earned in the Statement of Financial Performance.

1.15. PROVISIONS

Provisions are recognised when the Municipality has a present or constructive obligation as a result of past events, it is probable that an outflow of resource embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting date and adjusted to reflect the current best estimate of future outflows of resources. Where the effect is material, non-current provisions are discounted to their present value using a pre-tax discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability.

The Municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefits or service potential is remote. A contingent asset is disclosed where an inflow of economic benefits or service potential is probable.

LANGEBERG MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.

A provision for restructuring costs is recognised only when the following criteria over and above the recognition criteria of a provision have been met:

- (a) The municipality has a detailed formal plan for the restructuring identifying at least:
- the business or part of a business concerned;
 - the principal locations affected;
 - the location, function and approximate number of employees who will be compensated for terminating their services;
 - the expenditures that will be undertaken; and
 - when the plan will be implemented.
- (b) The Municipality has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

The amount recognised as a provision shall be the best estimate of the expenditure required to settle the present obligation at the reporting date.

If it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, the provision is derecognised.

LANGEBERG MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

1.16. EMPLOYEE BENEFITS

(a) Pension and Retirement Fund Obligations

The Municipality provides retirement benefits for its employees and councillors. Defined contribution plans are post-employment benefit plans under which the Municipality pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year they become payable.

Defined benefit plans are post-employment benefit plans other than defined contribution plans.

The Municipality operate various pension schemes. The schemes are generally funded through payments to insurance companies or trustee-administered funds, determined by periodic actuarial calculations. The Municipality has both defined benefit and defined contribution plans. A defined contribution plan is a pension plan under which the Municipality pays fixed contributions into a separate entity. The municipality has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior

periods. A defined benefit plan is a pension plan that is not a defined contribution plan. Typically, defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments

LANGEBERG MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

for unrecognised actuarial gains or losses and past service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to income.

Past-service costs are recognised immediately in income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period.

For defined contribution plans, the Municipality pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(b) Post-Retirement Medical Obligations

The Municipality provides post-retirement medical benefits by subsidizing the medical aid contributions of certain retired staff according to the rules of the medical aid funds. Council pays 60% as contribution and the remaining 40% are paid by the members. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The present value of the defined benefit liability is actuarially determined in accordance with GRAP 25 – Employee benefits (using a discount rate applicable to high quality government bonds). The plan is unfunded.

LANGEBERG MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

These contributions are charged to the Statement of Financial Performance when employees have rendered the service entitling them to the contribution. The interest cost of the defined benefit obligation is recognised as finance cost in the Statement of Financial Performance, as it meets the definition of Interest Cost in GRAP 25. The liability was calculated by means of the projected unit credit actuarial valuation method. The liability in respect of current pensioners is regarded as fully accrued and is therefore not split between a past (or accrued) and future in-service element. The liability is recognised at the fair value of the obligation. Payments made by the Municipality are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance as employee benefits upon valuation.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is charged or credited to the Statement of Financial Performance in the period that it occurs. These obligations are valued periodically by independent qualified actuaries.

(c) Long Service Awards

Long service awards are provided to employees who achieve certain pre-determined milestones of service within the Municipality. The Municipality's obligation under these plans is valued by independent qualified actuaries periodically and the corresponding liability is raised. Payments are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance as finance cost upon valuation, as it meets the definition of Interest Cost in GRAP 25. Defined benefit plans are post-employment plans other than defined contribution plans.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is charged or credited to the Statement of

LANGEBERG MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

Financial Performance in the period that it occurs. These obligations are valued periodically by independent qualified actuaries.

(d) *Ex-Gratia Pension Benefits*

Ex gratia gratuities are provided to employees that were not previously members of a pension fund. The Municipality's obligation under these plans is valued by independent qualified actuaries and the corresponding liability is raised. Payments made by the Municipality are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance as financial cost upon valuation as it meets the definition of Interest Cost in GRAP 25. Defined benefit plans are post-employment plans other than defined contribution plans.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is charged or credited to the Statement of Financial Performance in the period that it occurs. These obligations are valued periodically by independent qualified actuaries.

(e) *Staff Leave*

Liabilities for annual leave are recognised as they accrue to employees. The liability is based on the total amount of leave days due to employees at year end and also on the total remuneration package of the employee.

Accumulated leave is carried forward and can be used in future periods if the current period's entitlement is not used in full. All unused leave will be paid out to the specific employee at the end of that employee's employment term.

Accumulated leave is vesting.

LANGEBERG MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

(f) Staff Bonuses

Liabilities for staff bonuses are recognised as they accrue to employees. The liability at year end is based on bonus accrued at year end for each employee.

(g) Performance Bonuses

A provision, in respect of the liability relating to the anticipated costs of performance bonuses payable to Section 57 employees, is recognised as it accrues to Section 57 employees. Municipal entities' performance bonus provisions are based on the employment contract stipulations as well as previous performance bonus payment trends.

(h) Other Short-term Employee Benefits

When an employee has rendered service to the entity during a reporting period, the entity recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the entity recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

1.17. PROPERTY, PLANT AND EQUIPMENT

1.17.1. Initial Recognition

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year. The cost of an item of property, plant and equipment shall be recognised as an asset if, and only if it is probable that future economic benefits or service potential associated with the item will flow to the entity, and the cost or fair value of the item can be measured reliably. Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Where an asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the assets acquired is initially measure at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

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Major spare parts and servicing equipment qualify as property, plant and equipment when the municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

Where an asset is acquired through a non-exchange transaction, any transaction cost incurred are recognised as part of the cost of the asset.

1.17.2. Subsequent Measurement – Cost Model

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

Where the Municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits associated with the asset.

1.17.3. Depreciation and Impairment

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The annual depreciation rates are based on the following estimated useful lives:

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	Years		Years
<u>Infrastructure</u>		<u>Other</u>	
Roads and Paving	1-100	Buildings	1-100
Pedestrian Malls	1-100	Specialist vehicles	10-20
Electricity	1-80	Other vehicles	4-45
Water	1-125	Furniture and Office equipment	1-100
Sewerage	1-100	Plant and Equipment	1-40
Housing	1-105	Landfill sites	1-15
		Quarries	25
		Computer equipment	2-20
<u>Community</u>			
Buildings	1-105		
Recreational Facilities	7-100		
Security	5		
Halls	1-105		
Libraries	1-100		
Parks and gardens	1-100		
Other assets	7-100		
<u>Finance lease assets</u>			
Office equipment	2-22		
Other assets	2-22		

Changes to the useful life of assets are reviewed if there is an indication that a change may have occurred in the estimated useful life. If the expectation differs from the previous estimates, the change is accounted for in accordance with GRAP 3 either prospectively as a change in the accounting policy or retrospectively as a prior period error depending on the specific circumstances.

Property, plant and equipment are reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment charged to the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no

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impairment been recognised. A reversal of impairment is recognised in the Statement of Financial Performance.

1.17.4. De-recognition

Items of property, plant and equipment are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.17.5. Land and Buildings and Other Assets – application of deemed cost (Directive 7)

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. For Land and Buildings, the fair value as determined by a valuator was used in order to determine the deemed cost as on 1 July 2009. For Other Assets the depreciation cost method was used to establish the deemed cost as on 1 July 2009.

1.18. INTANGIBLE ASSETS

1.18.1. Initial Recognition

An intangible asset is an identifiable non-monetary asset without physical substance.

An asset meets the identifiability criterion in the definition of an intangible asset when it:

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- is separable, i.e. is capable of being separated or divided from the entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, asset or liability; or
- arises from contractual rights (including rights arising from binding arrangements) or other legal rights (excluding rights granted by statute), regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

The Municipality recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the Municipality and the cost or fair value of the asset can be measured reliably.

Internally generated intangible assets are subject to strict recognition criteria before they are capitalised. Research expenditure is never capitalised, while development expenditure is only capitalised to the extent that:

- the municipality intends to complete the intangible asset for use or sale;
- it is technically feasible to complete the intangible asset;
- the municipality has the resources to complete the project;
- it is probable that the municipality will receive future economic benefits or service potential; and
- the Municipality can measure reliably the expenditure attributable to the intangible asset during its development.

Intangible assets are initially recognised at cost.

Where an intangible asset is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, its deemed cost is the carrying amount of the asset(s) given up.

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1.18.2. Subsequent Measurement – Cost Model

Intangible assets are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is subject to an annual impairment test.

1.18.3. Amortisation and Impairment

Amortisation is charged so as to write off the cost or valuation of intangible assets over their estimated useful lives using the straight line method. Amortisation of an asset begins when it is available for use, i.e. when it is in the condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are amortised separately. The estimated useful lives, residual values and amortisation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. The annual amortisation rates are based on the following estimated useful lives:

<u>Intangible Assets</u>	<u>Years</u>
Computer Software	2-7
Computer Software Licenses	2-7

Changes to the useful life of assets are reviewed if there is an indication that a change may have occurred in the estimated useful life. If the expectation differs from the previous estimates, the change is accounted for in accordance with GRAP 3 either prospectively as a change in the accounting policy or retrospectively as a prior period error depending on the specific circumstances.

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1.18.4. De-recognition

Intangible assets are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.18.5. Application of deemed cost (Directive 7)

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. For Intangible Assets the depreciation cost method was used to establish the deemed cost as on 1 July 2009.

1.19. INVESTMENT PROPERTY

1.19.1. Initial Recognition

Investment property shall be recognised as an asset when and only when:

- it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the entity, and
- the cost or fair value of the investment property can be measured reliably.

Investment property includes property (land or a building, or part of a building, or both land and buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations. Property with a currently undetermined use is also classified as investment property.

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At initial recognition, the Municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition. The cost of self-constructed investment property is measured at cost.

Where an asset is acquired through a non-exchange transaction, any transaction cost incurred are recognised as part of the cost of the asset.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the Municipality accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

1.19.2. Subsequent Measurement – Cost Model

Subsequent to initial recognition, items of investment property are measured at cost less accumulated depreciation and accumulated impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

1.19.3. Depreciation and Impairment – Cost Model

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at

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each year end, with the effect of any changes in estimate accounted for on a prospective basis.

<u>Investment Property</u>	<u>Years</u>
Buildings	1-100

Changes to the useful life of assets are reviewed if there is an indication that a change may have occurred in the estimated useful life. If the expectation differs from the previous estimates, the change is accounted for in accordance with GRAP 3 either prospectively as a change in the accounting policy or retrospectively as a prior period error depending on the specific circumstances.

1.19.4. De-recognition

Investment property is derecognised when it is disposed or when there are no further economic benefits expected from the use of the investment property. The gain or loss arising on the disposal or retirement of an item of investment property is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.19.5. Application of deemed cost (Directive 7)

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. The fair value as determined by a valuator was used in order to determine the deemed cost as on 1 July 2009.

1.20. CONSTRUCTION CONTRACTS

Where the outcome of a construction contract can be estimated reliably, contract revenue and costs are recognised by reference to the stage of completion of the contract activity at the reporting date, as measured by either the proportion that

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contract costs incurred for work performed to date bear to the estimated total contract costs or surveys of work done or completion of a physical proportion of the contract work.

Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent that contract costs incurred are recoverable. Contract costs are recognised as an expense in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

1.21. HERITAGE ASSETS

1.21.1. Initial Recognition

A heritage asset is defined as an asset that has a cultural, environmental, historical, natural, scientific, technological or artistic significance and is held and preserved indefinitely for the benefit of present and future generations.

A heritage asset is recognised as an asset if, and only if it is probable that future economic benefits or service potential associated with the asset will flow to the Municipality, and the cost or fair value of the asset can be measured reliably.

A heritage asset that qualifies for recognition as an asset is measured at its cost. Where a heritage asset is acquired through a non-exchange transaction, its cost is deemed to be its fair value as at the date of acquisition.

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1.21.2. Subsequent Measurement – Cost Model

After recognition as an asset, heritage assets are carried at its cost less any accumulated impairment losses.

1.21.3. Depreciation and Impairment

Heritage assets are not depreciated

Heritage assets are reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment recognised in the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of impairment is recognised in the Statement of Financial Performance.

1.21.4. De-recognition

Heritage assets are derecognised when it is disposed or when there are no further economic benefits expected from the use of the heritage asset. The gain or loss arising on the disposal or retirement of a heritage asset is determined as the difference between the sales proceeds and the carrying value of the heritage asset and is recognised in the Statement of Financial Performance.

1.21.5. Application of deemed cost (Directive 7)

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset

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could not be determined. The fair value as determined by a valuator was used in order to determine the deemed cost as on 1 July 2009.

1.22. IMPAIRMENT OF NON-FINANCIAL ASSETS

1.22.1. *Cash generating assets*

Cash-generating assets are assets held with the primary objective of generating a commercial return.

The Municipality assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the municipality estimates the asset's recoverable amount.

In assessing whether there is any indication that an asset may be impaired, the Municipality considers the following indications:

(a) External sources of information

- During the period, an asset's market value has declined significantly more than would be expected as a result of the passage of time or normal use;
- Significant changes with an adverse effect on the Municipality have taken place during the period, or will take place in the near future, in the technological, market, economic or legal environment in which the Municipality operates or in the market to which an asset is dedicated;
- Market interest rates or other market rates of return on investments have increased during the period, and those increases are likely to affect the discount rate used in calculating an asset's value in use and decrease the asset's recoverable amount materially.

(b) Internal sources of information

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- Evidence is available of obsolescence or physical damage of an asset;
- Significant changes with an adverse effect on the Municipality have taken place during the period, or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, plans to dispose of an asset before the previously expected date, and reassessing the useful life of an asset as finite rather than indefinite;
- Evidence is available from internal reporting that indicates that the economic performance of an asset is, or will be, worse than expected.

The re-designation of assets from a cash-generating asset to a non-cash generating asset or from a non-cash-generating asset to a cash-generating asset shall only occur when there is clear evidence that such a re-designation is appropriate. A re-designation, by itself, does not necessarily trigger an impairment test or a reversal of an impairment loss. Instead, the indication for an impairment test or a reversal of an impairment loss arises from, as a minimum, the indications listed above.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. Impairment losses are recognised in the Statement of Financial Performance in those expense categories consistent with the function of the impaired asset.

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After the recognition of an impairment loss, the depreciation (amortisation) charge for the asset is adjusted in future periods to allocate the asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Municipality estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Statement of Financial Performance.

1.22.2. *Non-cash-generating assets*

Non-cash-generating assets are assets other than cash-generating assets.

The Municipality assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Municipality estimates the asset's recoverable service amount.

In assessing whether there is any indication that an asset may be impaired, the Municipality considers the following indications:

(a) External sources of information

- Cessation, or near cessation, of the demand or need for services provided by the asset;

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- Significant long-term changes with an adverse effect on the Municipality have taken place during the period or will take place in the near future, in the technological, legal or government policy environment in which the Municipality operates.

(b) Internal sources of information

- Evidence is available of physical damage of an asset;
- Significant long-term changes with an adverse effect on the Municipality have taken place during the period, or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, or plans to dispose of an asset before the previously expected date;
- A decision to halt the construction of the asset before it is complete or in a usable condition;
- Evidence is available from internal reporting that indicates that the service performance of an asset is, or will be, significantly worse than expected.

An asset's recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use. If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss recorded in the Statement of Financial Performance.

The value in use of a non-cash-generating asset is the present value of the asset's remaining service potential. The present value of the remaining service potential of the asset is determined using any one of the following approaches:

- *depreciation replacement cost approach* - the present value of the remaining service potential of an asset is determined as the depreciated replacement

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cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.

- *restoration cost approach* - the cost of restoring the service potential of an asset to its pre-impaired level. Under this approach, the present value of the remaining service potential of the asset is determined by subtracting the estimated restoration cost of the asset from the current cost of replacing the remaining service potential of the asset before impairment. The latter cost is usually determined as the depreciated reproduction or replacement cost of the asset, whichever is lower.
- *service unit approach* - the present value of the remaining service potential of the asset is determined by reducing the current cost of the remaining service potential of the asset before impairment, to conform to the reduced number of service units expected from the asset in its impaired state. As in the restoration cost approach, the current cost of replacing the remaining service potential of the asset before impairment is usually determined as the depreciated reproduction or replacement cost of the asset before impairment, whichever is lower.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

An impairment loss is recognised immediately in surplus or deficit.

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The Municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for an asset may no longer exist or may have decreased. If any such indication exists, the Municipality estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for an asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. If this is the case, the carrying amount of the asset is increased to its recoverable service amount. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods. Such a reversal of an impairment loss is recognised in the Statement of Financial Performance.

1.23. NON-CURRENT INVESTMENTS

Financial instruments, which include, investments in municipal entities and fixed deposits invested in registered commercial banks, are stated at amortised cost.

Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Financial Performance.

The carrying amounts of such investments are reduced to recognise any decline, other than a temporary decline, in the value of individual investments.

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1.24. INVENTORIES

1.24.1. *Initial Recognition*

Inventories comprise of current assets held for sale, consumption or distribution during the ordinary course of business. Inventories are recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the Municipality, and the cost of the inventories can be measured reliably. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus non-recoverable taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Water inventory is being measured by multiplying the cost per kilo litre of purified water by the amount of water in storage.

Where inventory is acquired by the Municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

1.24.2. *Subsequent Measurement*

Inventories, consisting of consumable stores, finished goods, housing stock, land, materials and supplies, water and work-in-progress, are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost. Redundant and slow-moving inventories are identified and written down. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction

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in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

In general, the basis of allocating cost to inventory items is the weighted average method or first-in-first-out method.

Water inventory is measured annually at the reporting date by way of dip readings and the calculated volume in the distribution network.

1.25. FINANCIAL INSTRUMENTS

Financial instruments recognised on the Statement of Financial Position include receivables (both from exchange transactions and non-exchange transactions), cash and cash equivalents, annuity loans and payables (both from exchange and non-exchange transactions). The future utilization of Unspent Conditional Grants is evaluated in order to determine whether it is treated as financial instruments.

1.25.1. Initial Recognition

Financial instruments are initially recognised when the Municipality becomes a party to the contractual provisions of the instrument at fair value plus, in the case of a financial asset or financial liability not at fair value, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. If finance charges in respect of financial assets and financial liabilities are significantly different from similar charges usually obtained in an open market transaction, adjusted for the specific risks of the Municipality, such differences are immediately recognised in the period it occurs, and the unamortised portion adjusted over the period of the loan transactions.

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1.25.2. Subsequent Measurement

Financial Assets are categorised according to their nature as either financial assets at fair value, financial assets at amortised cost or financial assets at cost. Financial Liabilities are categorised as either at fair value, financial liabilities at cost or financial liabilities carried at amortised cost ("other"). The subsequent measurement of financial assets and liabilities depends on this categorisation.

1.25.2.1. Receivables

Receivables are classified as financial assets at amortised cost and are subsequently measured amortised cost using the effective interest rate method.

For amounts due from debtors carried at amortised cost, the Municipality first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. Objective evidence of impairment includes significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 90 days overdue). If the Municipality determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the Statement of Financial Performance. Interest

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income continues to be accrued on the reduced carrying amount based on the original effective interest rate of the asset. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the municipality. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is recognised in the Statement of Financial Performance.

The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate, if material. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

1.25.2.2. *Payables and Annuity Loans*

Financial liabilities consist of trade and other payables and annuity loans. They are categorised as financial liabilities held at amortised cost, are initially recognised at fair value and subsequently measured at amortised cost using an effective interest rate, which is the initial carrying amount, less repayments, plus interest.

1.25.2.3. *Cash and Cash Equivalents*

Cash includes cash on hand (including petty cash) and cash with banks. Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, highly liquid deposits and net of bank overdrafts. The Municipality categorises cash and cash equivalents as financial assets carried at amortised cost.

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Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred. Amounts owing in respect of bank overdrafts are categorised as financial liabilities: other financial liabilities carried at amortised cost.

1.25.2.4. *Non-Current Investments*

Investments which include fixed deposits invested in registered commercial banks, are stated at amortised cost.

Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the Statement of Financial Performance in the period that the impairment is identified.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is recognised in the Statement of Financial Performance.

The carrying amounts of such investments are reduced to recognise any decline, other than a temporary decline, in the value of individual investments.

1.25.3. *De-recognition*

1.25.3.1. *Financial Assets*

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired; or
- the Municipality has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Municipality has transferred substantially all the risks and

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rewards of the asset, or (b) the Municipality has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

When the Municipality has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the old asset is derecognised and a new asset is recognised to the extent of the Municipality's continuing involvement in the asset.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Municipality could be required to repay.

When continuing involvement takes the form of a written and/or purchased option (including a cash settled option or similar provision) on the transferred asset, the extent of the Municipality's continuing involvement is the amount of the transferred asset that the Municipality may repurchase, except that in the case of a written put option (including a cash settled option or similar provision) on an asset measured at fair value, the extent of the Municipality's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

1.25.3.2. *Financial Liabilities*

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-

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recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the Statement of Financial Performance.

1.25.4. *Offsetting of Financial Instruments*

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

1.26. STATUTORY RECEIVABLES

Statutory receivables arise from legislation, supporting regulations, or similar means and require settlement by another entity in cash or another financial asset. Statutory receivables can arise from both exchange and non-exchange transactions.

1.26.1. *Initial Recognition*

Statutory receivables are recognised when the related revenue is recognised or when the receivable meets the definition of an asset.

1.26.2. *Subsequent Measurement*

The Municipality initially measures the statutory receivables at their transaction amount. The Municipality measure statutory receivables after initial recognition using the cost method. Under the cost method, the initial measurement of the receivable is changed subsequent to reflect any:

- (a) interest or other charges that may have accrued on the receivable;
- (b) impairment losses; and
- (c) amounts derecognised.

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The Municipality assesses at each reporting date whether there is any indication that a statutory receivable may be impaired. If there is an indication that a statutory receivable may be impaired, the Municipality measures the impairment loss as the difference between the estimated future cash flows and the carrying amount. Where the carrying amount is higher than the estimated future cash flows, the carrying amount of the statutory receivable is reduced, through the use of an allowance account. The amount of the loss is recognised in the Statement of Financial Performance. In estimating the future cash flows, the Municipality considers both the amount and timing of the cash flows that it will receive in future. Consequently, where the effect of the time value of money is material, the Municipality discounts the estimated future cash flows using a rate that reflects the current risk-free rate and any risks specific to the statutory receivable for which the future cash flow estimates have not been adjusted.

An impairment loss recognised in prior periods for a statutory receivable is revised if there has been a change in the estimates used since the last impairment loss was recognised, or to reflect the effect of discounting the estimated cash flows. Any previously recognised impairment loss is adjusted by adjusting the allowance account. The amount of any adjustment is recognised in the Statement of Financial Performance.

1.26.3. *Derecognition*

The Municipality derecognises a statutory receivable when:

- (a) the rights to the cash flows from the receivable are settled, expire or are waived;
- (b) the Municipality transfers to another party substantially all of the risks and rewards of ownership of the receivable; or
- (c) the Municipality, despite having retained some significant risks and rewards of ownership of the receivable, has transferred control of the receivable to another party and the other party has the practical ability to sell the receivable in its entirety to an unrelated third party, and is able to

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exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the Municipality:

- i. derecognise the receivable; and
- ii. recognise separately any rights and obligations created or retained in the transfer.

1.27. REVENUE

1.27.1. Revenue from Non-Exchange Transactions

Revenue from non-exchange transactions refers to transactions where the Municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred meet the criteria for recognition as an asset. A corresponding liability is raised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met. Grants without any conditions attached are recognised as revenue when the asset is recognised.

Revenue from property rates is recognised when the legal entitlement to this revenue arises. At the time of initial recognition, the full amount of revenue is recognised. If the Municipality does not enforce its obligation to collect the revenue, this would be considered as a subsequent event. Collection charges are recognised when such amounts are legally enforceable. Rebates and discounts are offset against the related revenue, in terms of IGRAP 1, as there is no intention of collecting this revenue.

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Fine Revenue constitutes both spot fines and summonses. Fine revenue is recognised when the spot fine or summons is issued. Fine Revenue constitutes both spot fines and summonses. Fine revenue is recognised when the spot fine or summons is issued. All unpaid receivables relating to traffic fines as at 30 June 2017 was written off in the 2017/2018 financial year.

Revenue from public contributions and donations is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment qualifies for recognition and first becomes available for use by the Municipality. Where public contributions have been received but the Municipality has not met the related conditions, it is recognised as an unspent public contribution (liability).

Revenue from third parties i.e. insurance payments for assets impaired, are recognised when it can be measured reliably and is not being offset against the related expenses of repairs or renewals of the impaired assets.

Contributed property, plant and equipment is recognised when such items of property, plant and equipment qualifies for recognition and become available for use by the Municipality.

All unclaimed deposits are initially recognised as a liability until 36 months expires, when all unclaimed deposits into the Municipality's bank account will be treated as revenue. This policy is in line with prescribed debt principle as enforced by the law.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No. 56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

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Revenue shall be measured at the fair value of the consideration received or receivable.

When, as a result of a non-exchange transaction, a Municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the present obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability will be recognised as revenue.

Services in-kind that are significant to the Municipality's operations are recognised as assets and the related revenue when:

- it is probable that the future economic benefits or service potential will flow to the Municipality; and
- the fair value of the assets can be measured reliably.

If the services in-kind are not significant to the Municipality's operations or does not satisfy the above-mentioned criteria, the Municipality only disclose the nature and type of services in-kind received during the reporting period. When the criteria for recognition is satisfied, services in-kind are measured on initial recognition at their fair value as at the date of acquisition. Services in-kind include services provided by individuals to the Municipality and the right to use assets in a non-exchange transaction. These services meet the definition of an asset, because the Municipality controls the resource from which future economic benefits or service potential is expected to flow to the Municipality. The assets are immediately consumed and a transaction of equal value is also recognised to reflect the consumption of these services in-kind, resulting in a decrease of the asset and an increase in an expense. The Municipality therefore recognises an expense and related revenue for the consumption of services in-kind.

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1.27.2. Revenue from Exchange Transactions

Revenue from exchange transactions refers to revenue that accrued to the Municipality directly in return for services rendered or goods sold, the value of which approximates the consideration received or receivable.

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- The Municipality has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- The Municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits or service potential associated with the transaction will flow to the Municipality;
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

At the time of initial recognition, the full amount of revenue is recognised where the Municipality has an enforceable legal obligation to collect, unless the individual collectability is considered to be improbable. If the Municipality does not successfully enforce its obligation to collect the revenue this would be considered a subsequent event.

Service charges relating to electricity and water are based on consumption and a basic charge as per Council resolution. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumption are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the

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invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period.

Revenue from the sale of electricity prepaid meter cards is recognised at the point of sale. It is estimated that pre-paid electricity is consumed within 5 to 7 days after date of purchase. The pre-paid electricity sold, but not consumed yet at year-end is disclosed as under Payables from Exchange Transactions in the Statement of Financial Position.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage and are levied monthly based on the recorded number of refuse points per property.

Service charges relating to sanitation (sewerage) are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage. In the case of residential property, a fixed monthly tariff is levied and in the case of commercial property a tariff is levied based on the number of sewerage connection on the property. Service charges based on a basic charge as per Council resolution.

Interest revenue is recognised using the effective interest rate method.

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

Dividends are recognised on the date that the Municipality becomes entitled to receive the dividend.

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Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant tariff. This includes the issuing of licences and permits.

Revenue from the sale of goods is recognised when substantially all the risks and rewards in those goods are passed to the consumer.

Revenue arising out of situations where the municipality acts as an agent on behalf of another entity (the principal) is limited to the amount of any fee or commission payable to the municipality as compensation for executing the agreed services.

Revenue is measured at the fair value of the consideration received or receivable.

The amount of revenue arising on a transaction is usually determined by agreement between the entity and the purchaser or user of the asset or service. It is measured at the fair value of the consideration received or receivable taking into account the amount of any trade discounts and volume rebates allowed by the entity.

In most cases, the consideration is in the form of cash or cash equivalents and the amount of revenue is the amount of cash or cash equivalents received or receivable. However, when the inflow of cash or cash equivalents is deferred, the fair value of the consideration may be less than the nominal amount of cash received or receivable. When the arrangement effectively constitutes a financing transaction, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest. The imputed rate of interest is the more clearly determinable of either:

- The prevailing rate for a similar instrument of an issuer with a similar credit rating; or
- A rate of interest that discounts the nominal amount of the instrument to the current cash sales price of the goods or services.

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The difference between the fair value and the nominal amount of the consideration is recognised as interest revenue.

When goods or services are exchanged or swapped for goods or services which are of a similar nature and value, the exchange is not regarded as a transaction that generates revenue. When goods are sold or services are rendered in exchange for dissimilar goods or services, the exchange is regarded as a transaction that generates revenue. The revenue is measured at the fair value of the goods or services received, adjusted by the amount of any cash or cash equivalents transferred. When the fair value of the goods or services received cannot be measured reliably, the revenue is measured at the fair value of the goods or services given up, adjusted by the amount of any cash or cash equivalents transferred.

1.28. TRANSFER OF FUNCTIONS (Municipality as acquirer)

A function is an integrated set of activities that is capable of being conducted and managed for purposes of achieving a Municipality's objectives, either by providing economic benefits or service potential.

A transfer of functions is the reorganisation and/or the re-allocation of functions between Municipalities by transferring functions between Municipalities or into another entity.

An asset is identifiable if it either:

- is separable, i.e. is capable of being separated or divided from the Municipality and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, asset or liability; or
- arises from contractual rights (including rights arising from binding arrangements) or other legal rights (excluding rights granted by statute),

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regardless of whether those rights are transferable or separable from the Municipality or from other rights and obligations.

The Municipality accounts for each transfer of functions between entities not under common control by applying the acquisition method. Applying the acquisition method requires:

- (a) identifying the acquirer (Municipality);
- (b) determining the acquisition date;
- (c) recognising and measuring the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree; and
- (d) recognising the difference between (c) and the consideration transferred to the seller.

As of the acquisition date, the Municipality recognises the identifiable assets acquired and the liabilities assumed. The identifiable assets acquired and liabilities assumed meets the definitions of assets and liabilities in the *Framework for the Preparation and Presentation of Financial Statements* and the recognition criteria in the applicable Standards of GRAP at the acquisition date. In addition, the identifiable assets acquired and liabilities assumed are part of what the Municipality and the acquiree (or its former owners) agreed in the binding arrangement.

The Municipality measures the identifiable assets acquired and the liabilities assumed at their acquisition-date fair values.

The Municipality subsequently measures and account for assets acquired and liabilities assumed in accordance with other applicable Standards of GRAP.

1.29. RELATED PARTIES

The Municipality resolved to adopt the disclosure requirements as per GRAP 20 – “Related Party Disclosures”.

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A related party is a person or an entity:

- with the ability to control or jointly control the other party,
- or exercise significant influence over the other party, or vice versa,
- or an entity that is subject to common control, or joint control.

The following are regarded as related parties of the Municipality:

(a) A person or a close member of that person's family is related to the Municipality if that person:

- has control or joint control over the Municipality.
- has significant influence over the Municipalities. Significant influence is the power to participate in the financial and operating policy decisions of the Municipality.
- is a member of the management of the Municipality or its controlling entity.

(b) An entity is related to the Municipality if any of the following conditions apply:

- the entity is a member of the same economic entity (which means that each controlling entity, controlled entity and fellow controlled entity is related to the others).
- one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of an economic entity of which the other entity is a member).
- both entities are joint ventures of the same third party.
- one entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- the entity is a post-employment benefit plan for the benefit of employees of either the Municipality or an entity related to the Municipality. If the

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reporting entity is itself such a plan, the sponsoring employers are related to the entity.

- the entity is controlled or jointly controlled by a person identified in (a).
- a person identified in (a) has significant influence over that entity or is a member of the management of that entity (or its controlling entity).

Close members of the family of a person are those family members who may be expected to influence or be influenced by that person in their dealings with the Municipality. A person is considered to be a close member of the family of another person if they:

- (a) are married or live together in a relationship similar to a marriage; or
- (b) are separated by no more than two degrees of natural or legal consanguinity or affinity.

Management (formerly known as “Key Management”) includes all persons having the authority and responsibility for planning, directing and controlling the activities of the Municipality, including:

- (a) all members of the governing body of the Municipality;
- (b) a member of the governing body of an economic entity who has the authority and responsibility for planning, directing and controlling the activities of the Municipality;
- (c) any key advisors of a member, or sub-committees, of the governing body who has the authority and responsibility for planning, directing and controlling the activities of the Municipality; and
- (d) the senior management team of the Municipality, including the chief executive officer or permanent head of the Municipality, unless already included in (a).

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Management personnel include:

- (a) All directors or members of the governing body of the Municipality, being the Executive Mayor, Deputy Mayor, Speaker and members of the Mayoral Committee;
- (b) Other persons having the authority and responsibility for planning, directing and controlling the activities of the reporting Municipality being the Municipal Manager, Chief Financial Officer and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

Remuneration of management includes remuneration derived for services provided to the Municipality in their capacity as members of the management team or employees. Benefits derived directly or indirectly from the Municipality for services in any capacity other than as an employee or a member of management do not meet the definition of remuneration. Remuneration of management excludes any consideration provided solely as a reimbursement for expenditure incurred by those persons for the benefit of the Municipality.

The Municipality operates in an economic environment currently dominated by entities directly or indirectly owned by the South African government. As a result of the Constitutional independence of all three spheres of government in South Africa, only parties within the same sphere of government will be considered to be related parties. Only transactions with such parties which are not at arm's length and not on normal commercial terms are disclosed.

1.30. UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in a form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No. 56 of 2003). Unauthorised expenditure is accounted for as an expense (measured at actual cost incurred) in the Statement of Financial Performance and where

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recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.31. IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No. 56 of 2003), the Municipal Systems Act (Act No. 32 of 2000), the Public Office Bearers Act, and (Act. No. 20 of 1998) or is in contravention of the Municipality's Supply Chain Management Policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.32. FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and could have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.33. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. A contingent liability could also be a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to the obligation or the amount of the obligation cannot be measured with sufficient reliability.

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The Municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the probability of an outflow of resources embodying economic benefits or service potential is remote. A contingent asset is disclosed where the inflow of economic benefits or service potential is probable.

Management judgement is required when recognising and measuring contingent liabilities.

1.34. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

In the process of applying the Municipality's accounting policy, management has made the following significant accounting judgements, estimates and assumptions, which have the most significant effect on the amounts recognised in the financial statements:

Post-retirement medical obligations, Long service awards and Ex gratia gratuities

The cost of post-retirement medical obligations, long service awards and ex-gratia gratuities are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Major assumptions used are disclosed in the of the Annual Financial Statements. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

Impairment of Receivables

The calculation in respect of the impairment of debtors is based on an assessment of the extent to which debtors have defaulted on payments already due, and an assessment of their ability to make payments based on their creditworthiness. This was performed per service-identifiable categories across all classes of debtors.

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Property, Plant and Equipment

The useful lives of property, plant and equipment are based on management's estimation. Infrastructure's useful lives are based on technical estimates of the practical useful lives for the different infrastructure types, given engineering technical knowledge of the infrastructure types and service requirements. For other assets and buildings management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their useful lives, and in what condition they will be at that time.

Management referred to the following when making assumptions regarding useful lives and residual values of Property, Plant and Equipment:

- The useful life of movable assets was determined using the age of similar assets available for sale in the active market. Discussions with people within the specific industry were also held to determine useful lives.
- Local Government Industry Guides was used to assist with the deemed cost and useful life of infrastructure assets.
- The Municipality referred to buildings in other municipal areas to determine the useful life of buildings. The Municipality also consulted with engineers to support the useful life of buildings, with specific reference to the structural design of buildings.

For deemed cost applied to other assets as per adoption of Directive 7, management used the depreciated replacement cost method which was based on assumptions about the remaining duration of the assets.

The cost for depreciated replacement cost was determined by using either one of the following:

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- Cost of items with a similar nature currently in the Municipality's asset register;
- Cost of items with a similar nature in other municipalities' asset registers, given that the other municipality has the same geographical setting as the Municipality and that the other municipality's asset register is considered to be accurate;
- Cost as supplied by suppliers.

For deemed cost applied to land and buildings as per adoption of Directive 7, management made use of an independent valuator. The valuator's valuation was based on assumptions about the market's buying and selling trends and the remaining duration of the assets.

Intangible Assets

The useful lives of intangible assets are based on management's estimation. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate.

Reference was made to intangibles used within the Municipality and other municipalities to determine the useful life of the assets.

For deemed cost applied to intangible assets as per adoption of Directive 7, management used the depreciation cost method which was based on assumptions about the remaining duration of the assets.

Investment Property

The useful lives of investment property are based on management's estimation. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their economic lives, and in what condition they will be at that time.

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Management referred to the following when making assumptions regarding useful lives and valuation of investment property:

- The Municipality referred to buildings in other municipal areas to determine the useful life of buildings.
- The Municipality also consulted with professional engineers and qualified valuers to support the useful life of buildings.

For deemed cost applied to Investment Property as per adoption of Directive 7, management made use of an independent valuator. The valuator's valuation was based on assumptions about the market's buying and selling trends and the remaining duration of the assets.

Provisions and Contingent Liabilities

Management judgement is required when recognising and measuring provisions and when measuring contingent liabilities. Provisions are discounted where the time value effect is material.

Provision for Landfill Sites

The provision for rehabilitation of the landfill site is recognised as and when the environmental liability arises. The provision is calculated by a qualified environmental engineer. The provision represents the best estimate **or** net present value of the expected future cash flows to rehabilitate the landfill site at year end. To the extent that the obligations relate to an asset, it is capitalised as part of the cost of those assets. Any subsequent changes to an obligation that did not relate to the initial related asset is charged to the Statement of Financial Performance.

Management referred to the following when making assumptions regarding provisions:

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- Professional engineers were utilised to determine the cost of rehabilitation of landfill sites as well as the remaining useful life of each specific landfill site.
- Interest rates (investment rate) linked to prime was used to calculate the effect of time value of money.

Provision for Staff leave

Staff leave is accrued to employees according to collective agreements. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave or when employment is terminated.

Provision for Performance bonuses

The provision for performance bonuses represents the best estimate of the obligation at year end and is based on historic patterns of payment of performance bonuses. Performance bonuses are subject to an evaluation by Council.

Pre-paid electricity estimation

Pre-paid electricity is only recognised as income once the electricity is consumed. The pre-paid electricity balance (included under payables) represents the best estimate of electricity sold at year end, which is still unused. The average pre-paid electricity sold per day during the year under review is used and the estimate is calculated using between 5 and 10 days' worth of unused electricity.

Componentisation of Infrastructure assets

All infrastructure assets are unbundled into their significant components in order to depreciate all major components over the expected useful lives. The cost of each component is estimated based on the current market price of each component, depreciated for age and condition and recalculated to cost at the acquisition date if known or to the date of initially adopting the standards of GRAP.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

Revenue Recognition

Accounting Policy on Revenue from Non-Exchange Transactions and Accounting Policy on Revenue from Exchange Transactions describes the conditions under which revenue will be recognised by management of the Municipality.

In making their judgement, management considered the detailed criteria for the recognition of revenue as set out in GRAP 9: Revenue from Exchange Transactions and GRAP 23: Revenue from Non-Exchange Transactions. Specifically, whether the Municipality, when goods are sold, had transferred to the buyer the significant risks and rewards of ownership of the goods and when services are rendered, whether the service has been performed. The management of the Municipality is satisfied that recognition of the revenue in the current year is appropriate.

1.35. TAXES – VALUE ADDED TAX

Revenue, expenses and assets are recognised net of the amounts of value added tax. The net amount of Value added tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

1.36. CAPITAL COMMITMENTS

Capital commitments disclosed in the financial statements represents the balance committed to capital projects on reporting date that will be incurred in the period subsequent to the specific reporting date.

1.37. EVENTS AFTER REPORTING DATE

Events after the reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

If non-adjusting events after the reporting date are material, the Municipality discloses the nature and an estimate of the financial effect.

1.38. TAXATION

1.40.1 Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities/(assets) for the current and prior periods are measured at the amount expected to be paid to/(recovered from) the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the reporting date.

1.40.2 Deferred tax assets and liabilities

Deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting profit nor

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taxable profit (tax loss).

A deferred tax asset is recognised for the carry forward of unused tax losses and unused STC credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused STC credits can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the reporting date.

1.40.3 Tax expenses

Current and deferred taxes are recognised as income or an expense and included in surplus/deficit for the period.

Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly to equity.

2	NET ASSET RESERVES	2018 R	2017 R
	Capital Replacement Reserve	56 421 002	31 353 026
	Total Net Asset Reserves	56 421 002	31 353 026

The Capital Replacement Reserve is used to finance future capital expenditure from own funds.

3	LONG-TERM BORROWINGS		
	Annuity Loans - At amortised cost	17 365 077	21 310 489
	Capitalised Lease Liability - At amortised cost	1 293 644	2 363 894
		18 658 720	23 674 384
	Current Portion transferred to Current Liabilities	4 516 800	5 056 160
	Annuity Loans - At amortised cost	3 495 739	3 889 329
	Capitalised Lease Liability - At amortised cost	1 021 062	1 166 830
		14 141 920	18 618 224
	Unamortised charges on loans	(676 157)	(691 767)
	Balance 1 July	691 767	711 731
	Adjustment for the period	(15 610)	(19 964)
	Total Long-term Liabilities - At amortised cost using the effective interest rate method	13 465 763	17 926 458

3.1 The obligations under annuity loans are scheduled below:

Minimum
annuity payments

Amounts payable under annuity loans:

Payable within one year	4 980 882	5 957 243
Payable within two to five years	10 745 499	13 824 428
Payable after five years	7 343 178	9 820 521
	23 069 559	29 602 192
Less: Future finance obligations	(5 704 482)	(8 291 702)
Present value of annuity obligations	17 365 077	21 310 489

Annuity loans at amortised cost is calculated at 9.29% interest rate, with a maturity date of 31 March 2024.

3.2 The obligations under finance leases are scheduled below:

Minimum
lease payments

Amounts payable under finance leases:

Payable within one year	1 154 544	1 456 877
Payable within two to five years	209 757	1 240 095
Payable after five years	-	-
	1 364 301	2 696 972
Less: Future finance obligations	(70 658)	(333 078)
Present value of lease obligations	1 293 644	2 363 894

3 LONG TERM LIABILITIES (CONTINUE)

Leases are secured by property, plant and equipment - Note 13

The capitalised lease liability consist out of the following contracts:

<u>Supplier</u>	<u>Description of leased item</u>	<u>Lease Term</u>	<u>Maturity Date</u>
SASFIN	TASKalfa 3510iLH44702656	36 months	25/07/2018
SASFIN	TASKalfa 3510iLH44702681	36 months	25/07/2018
SASFIN	TASKalfa M2535 DN15267449	36 months	25/01/2019
SASFIN	TASKalfa 3551 Ci MFPK581144	36 months	25/02/2019
SASFIN	TA 5551 ci MFP (Colour)B5706424	36 months	25/01/2019
SASFIN	TA 5551 ci MFP (Colour)B5706437	36 months	25/01/2019
SASFIN	TASKalfa 5551 CiB5706441	36 months	25/11/2018
SASFIN	TASKalfa 350i44702675	36 months	25/11/2018
SUNLYN	NEC SV8100 PABX0834143742100001	36 months	25/01/2019
SUNLYN	NEC SV8100 PABX2B0385BK700065 & A1023352100265	36 months	25/03/2019
SUNLYN	NEC SV8100 PABXITL5BE 1P 10 Units	36 months	25/05/2019
SUNLYN	Olivetti d-Copia 3513MFP	36 months	25/02/2020
SUNLYN	Olivetti d-Copia 3513MFP	36 months	25/02/2020
SUNLYN	Olivetti d-Copia 3513MFP	36 months	25/02/2020
SUNLYN	Kyocera M2535 DN	36 months	25/07/2019
SUNLYN	Kyocera M2535 DN	36 months	25/07/2020
SUNLYN	SV 8100 NEC PABX	36 months	25/01/2020
SUNLYN	List Radio Links between Towns	36 months	25/09/2019
SUNLYN	SV 8100 NEC PABX	36 months	01/11/2020
VODACOM	1 Cell phone contracts	24 months	31/07/2017
VODACOM	4 Cell phone contracts	24 months	31/10/2017
VODACOM	6 Cell phone contracts	24 months	30/11/2017
VODACOM	1 Cell phone contracts	24 months	01/04/2018
VODACOM	1 Cell phone contracts	24 months	01/05/2018
VODACOM	15 Tablets of the Councillors	24 months	01/10/2018
VODACOM	8 Tablets of the Councillors	24 months	01/12/2018

Refer to Appendix A for descriptions, maturity dates and effective interest rates of structured loans and finance.

Assets pledged as security:

A bond is registered on the Town Hall of Ashton in favour of the Development Bank of South Africa as security for the following loans:

- Vehicle Testing Station
- Paving

4 NON-CURRENT EMPLOYEE BENEFITS

Post Retirement Benefits - Refer to Note 4.1

Long Service Awards - Refer to Note 4.2

	2018 R	2017 R
Post Retirement Benefits - Refer to Note 4.1	51 084 796	50 185 498
Long Service Awards - Refer to Note 4.2	9 110 689	8 679 728
Total Non-current Employee Benefit Liabilities	60 195 485	58 865 226

Post Retirement Benefits

Balance 1 July	52 109 861	51 412 969
Contribution for the year	2 264 754	2 434 406
Interest Cost	4 936 105	4 695 585
Expenditure for the year	(1 905 809)	(1 804 155)
Actuarial Loss / (Gain)	(4 348 861)	(4 628 944)

Total post retirement benefits 30 June	53 056 050	52 109 861
Less: Transfer of Current Portion - Note 7	(1 971 254)	(1 924 363)
Balance 30 June	51 084 796	50 185 498

4 NON-CURRENT EMPLOYEE BENEFITS (CONTINUE)

Long Service Awards

Balance 1 July	9 597 679	9 377 980
Contribution for the year	825 092	829 256
Interest Cost	769 111	756 268
Expenditure for the year	(893 736)	(817 670)
Actuarial Loss / (Gain)	335 235	(548 155)

Total long service 30 June	10 633 381	9 597 679
Less: Transfer of Current Portion - Note 7	(1 522 692)	(917 951)
Balance 30 June	9 110 689	8 679 728

4	NON-CURRENT EMPLOYEE BENEFITS (CONTINUE)		
		2018	2017
		R	R
	<u>TOTAL NON-CURRENT EMPLOYEE BENEFITS</u>		
	Balance 1 July	61 707 540	60 790 949
	Contribution for the year	3 089 846	3 263 662
	Interest cost	5 705 216	5 451 853
	Expenditure for the year	(2 799 545)	(2 621 825)
	Net Actuarial Loss / (Gain)	(4 013 626)	(5 177 099)
	Total employee benefits 30 June	63 689 431	61 707 540
	Less: Transfer of Current Portion - Note 7	(3 493 946)	(2 842 314)
	Balance 30 June	60 195 485	58 865 226

4.1 Post Retirement Benefits

The Post Retirement Benefit Plan is a defined benefit plan, of which the members are made up as follows:

	2018	2017
In-service (employee) members	179	179
In-service (employee) non-members	522	501
Continuation members (e.g. Retirees, widows, orphans)	60	60
Total Members	761	740

The liability in respect of past service has been estimated to be as follows:

	2018	2017
	R	R
In-service members	31 622 186	30 136 581
Continuation members	21 433 864	21 973 279
Total Liability	53 056 050	52 109 860

The liability in respect of periods commencing prior to the comparative year has been estimated as follows:

	2016	2015	2014
	R	R	R
In-service members	29 611 793	29 611 793	28 192 606
Continuation members	22 776 561	22 776 561	20 910 583
Total Liability	52 388 354	52 388 354	49 103 189

	2018	2017	2016	2015	2014
	Rm	Rm	Rm	Rm	Rm
Experience adjustments were calculated as follows:					
Liabilities: (Gain) / loss	(1.247)	0.956	(3.558)	(1.925)	2.680
Assets: Gain / (loss)	0.000	0.000	0.000	0.000	0.000

The municipality makes monthly contributions for health care arrangements to the following medical aid schemes:

Bonitas;
Discovery
Hosmed
LA Health
Samwumed; and
Keyhealth.

4	NON-CURRENT EMPLOYEE BENEFITS (CONTINUE)		
	Key actuarial assumptions used:	2018	2017
		%	%
	The Projected Unit Credit Method has been used to value the liabilities.		
i)	Rate of interest		
	Discount rate	9.57%	9.65%
	Health Care Cost Inflation Rate	7.40%	7.94%
	Net Effective Discount Rate	2.02%	1.58%

The discount rate used is a composite of all government bonds and calculated using a technique is known as "bootstrapping"

ii) Mortality rates

The PA 90 ultimate table, rated down by 1 year of age was used by the actuaries.

NON-CURRENT EMPLOYEE BENEFITS (CONTINUE)

iii) Normal retirement age

It has been assumed that in-service members will retire at age 60, which then implicitly allows for expected rates of early and ill-health retirement.

iv) Expected rate of salary increases

2018/2019 - 7% + additional 0,5% for employees who earn a basic salary of R9 000 or less.

The three-year Salary and Wage Collective Agreement ends on 30 June 2021.

	2018 R	2017 R
The amounts recognised in the Statement of Financial Position are as follows:		
Present value of fund obligations	53 056 050	52 109 861
Net liability/(asset)	53 056 050	52 109 861
The fund is wholly unfunded.		
Reconciliation of present value of fund obligation:		
Present value of fund obligation at the beginning of the year	52 109 861	51 412 969
Total expenses	5 295 050	5 325 836
Current service cost	2 264 754	2 434 406
Interest Cost	4 936 105	4 695 585
Benefits Paid	(1 905 809)	(1 804 155)
Actuarial Loss / (Gain)	(4 348 861)	(4 628 944)
Present value of fund obligation at the end of the year	53 056 050	52 109 861
Less: Transfer of Current Portion - Note 7	(1 971 254)	(1 924 363)
Balance 30 June	51 084 796	50 185 498

Sensitivity Analysis on the Accrued Liability

Assumption	In-service members liability (Rm)	Continuation members liability (Rm)	Total liability (Rm)	% change
Central Assumptions	31.622	21.434	53.056	

The effect of movements in the assumptions are as follows:

Assumption	Change	In-service members liability (Rm)	Continuation members liability (Rm)	Total liability (Rm)	% change
Health care inflation	+1%	34.622	22.761	57.384	8%
Health care inflation	-1%	27.907	19.984	47.892	-10%
Discount rate	+1%	26.985	19.833	46.817	-12%
Discount rate	-1%	37.483	23.278	60.761	15%
Post-retirement mortality	-1 year	32.442	22.267	54.709	3%
Average retirement age	-1 year	34.028	21.434	55.462	5%
Withdrawal Rate	-10%	24.334	21.434	45.768	-14%

The following are estimates for the 2018/2019 financial year:

	R
Future Service Cost	2 085 300
Interest Cost	4 985 300

Assumption	Change	Current-service Cost	Interest Cost	Total	% change
Central Assumptions					
Health care inflation	+1%	2 322 800	5 399 000	7 721 800	9%
Health care inflation	-1%	1 779 900	4 491 500	6 271 400	-11%
Discount rate	+1%	1 731 300	4 847 000	6 578 300	-7%
Discount rate	-1%	2 542 100	5 124 500	7 666 600	8%
Post-retirement mortality	-1 year	2 138 900	5 143 500	7 282 400	3%
Average retirement age	-1 year	2 101 400	5 215 500	7 316 900	3%
Withdrawal Rate	-10%	1 525 400	4 287 800	5 813 200	-18%

4

NON-CURRENT EMPLOYEE BENEFITS (CONTINUE)

4.2 Long Service Bonuses

The Long Service Bonus plans are defined benefit plans.

As at year end, the following number of employees were eligible for Long Service Bonuses.

	2018	2017
	701	680

Key actuarial assumptions used:

	2018 %	2017 %
i) Rate of interest		
Discount rate	8.47%	8.41%
General Salary Inflation (long-term)	6.10%	6.23%
Net Effective Discount Rate applied to salary-related Long Service Bonuses	2.23%	2.05%

The discount rate used is a composite of all government bonds and is calculated using a technique is known as "bootstrapping"

The Projected Unit Credit Method has been used to value the liabilities.

	2018 R	2017 R
The amounts recognised in the Statement of Financial Position are as follows:		
Present value of fund obligations	10 633 381	9 597 679
Net liability	10 633 381	9 597 679

The liability in respect of periods commencing prior to the comparative year has been estimated as follows:

	2016 R	2015 R	2014 R
Total Liability	9 377 980	9 279 667	8 470 946

	2018 R	2017 R	2016 R	2015 R	2014 R
Experience adjustments were calculated as follows:					
Liabilities: (Gain) / loss	390 843	(61 820)	256 159	175 329	217 727
Assets: Gain / (loss)	0.000	0.000	0.000	0.000	0.000

	2018 R	2017 R
Reconciliation of present value of fund obligation:		
Present value of fund obligation at the beginning of the year	9 597 679	9 377 980
Total expenses	700 467	767 854
Current service cost	825 092	829 256
Interest Cost	769 111	756 268
Benefits Paid	(893 736)	(817 670)
Actuarial Loss / (Gain)	335 235	(548 155)
Present value of fund obligation at the end of the year	10 633 381	9 597 679
Less: Transfer of Current Portion - Note 7	(1 522 692)	(917 951)
Balance 30 June	9 110 689	8 679 728

Sensitivity Analysis on the Unfunded Accrued Liability

Assumption	Change	Liability (Rm)	% change
Central assumptions		10.633	
General salary inflation	+1%	11.49	+6%
General salary inflation	-1%	10.071	-5%
Discount rate	+1%	10.048	-6%
Discount rate	-1%	11.287	+6%
Average retirement age	-2 years	9.096	-14%
Average retirement age	+2 years	12.281	+15%
Withdrawal rates	-50%	12.455	+17%

The following are estimates for the 2018/2019 financial year:

	R
Future Service Cost	889 300
Interest Cost	837 500

NON-CURRENT EMPLOYEE BENEFITS (CONTINUE)

Assumption	Change	Current-service Cost	Interest Cost	Total	% change
Central Assumptions					
General salary inflation	+1%	960 000	889 600	1 849 600	+7%
General salary inflation	-1%	826 100	789 900	1 616 000	-6%
Discount rate	+1%	831 700	881 000	1 712 700	-1%
Discount rate	-1%	954 600	787 300	1 741 900	+1%
Average retirement age	-2 years	779 100	707 300	1 486 400	-14%
Average retirement age	+2 years	1 006 500	973 300	1 979 800	+15%
Withdrawal rates	-50%	1 170 900	991 800	2 162 700	25%

4.3 Retirement funds

The Municipality requested detailed employee and pensioner information as well as information on the Municipality's share of the Pension and Retirement Funds' assets from the fund administrator. The fund administrator confirmed that assets of the Pension and Retirement Funds are not split per participating employer. Therefore, the Municipality is unable to determine the value of the plan assets as defined in GRAP 25.

As part of the Municipality's process to value the defined benefit liabilities, the Municipality requested pensioner data from the fund administrator. The fund administrator claimed that the pensioner data to be confidential and were not willing to share the information with the Municipality. Without detailed pensioner data the Municipality was unable to calculate a reliable estimate of the accrued liability in respect of pensioners who qualify for a defined benefit pension.

Therefore, although the Cape Joint Retirement Fund is a Multi Employer fund defined as defined benefit plan, it will be accounted for as defined contribution plan. All the required disclosures has been made as defined in GRAP 25.31.

<u>LA RETIREMENT FUND (PREVIOUSLY CAPE JOINT PENSION FUND)</u>	Last Actuarial Valuation	Total Assets R'000	Total Liabilities R'000	Contributing members of Langeberg Municipality
The contribution rate payable is 9% by members and 18% by Council.	June 2017	1 911 937	1 911 937	1

The contribution rate payable is under the defined benefit section is 27%, 9% by the members and 18% by their councils. The actuarial valuation report at 30 June 2017 disclosed an actuarial valuation amounting to R1,859,077,000 (30 June 2016 : R2,037,843,000), with a nett accumulated surplus of R46,989,000 (2016 : R67,791,000), with a funding level of 102.6% (30 June 2016 : 103.5%).

The actuarial valuation report at 30 June 2017 indicated that the defined contribution scheme of the fund is in a sound financial position, with a assets amounting to R1,911,937,000.00 (30 June 2016: R1,960,970,000.00), net investment reserve of R0 (30 June 2016: R0) and with a funding level of 100% (2016: 100%). The actuary concluded that :

- The Pensioner account has a funding level of 102.6% with n surplus of R47.0 million and is in a sound financial condition as at the valuation date.
- There is a surplus of R47.0million in The DB Section excluding the surplus in the Pensioner Account. The surplus has been allocated to The Pensioner Account.
- The overall funding level in respect of the DB Section including the Pensioner Account is 101.3% with a surplus of R47.0 million.
- The DC Section has a funding level of 100% and is in n sound Financial condition.
- Overall the fund is in a sound financial condition with a surplus of R47.0 million and the overall funding level of 102.6%.
- The Trustees awarded a 3.3% pension increase effective 1 January 2018.

It is to be noted that :

- All the active members have now all been converted to the DC Section.
- There is no longer any contribution rate shortfall as this only applied to 29 residual DB Section active members, that have now also converted to the DC Section and
- Both the DC Section and the DB Section were fully funded as at the valuation date.

The nature of the assets is suitable for the Fund, except that the proportion of direct property underlying the pensioner liabilities may represent an over-concentration of assets in this class. The assets are appropriately matched relative to the term and nature of the active member liabilities. The Fund's investment strategy is suitable. Finally the risk benefits are partially re-insured and this is appropriate for the size and nature of the Fund.

Contributions paid recognised in the Statement of Financial Performance

26 486

24 669

<u>CAPE RETIREMENT FUND</u>	Last Actuarial Valuation	Total Assets R'000	Total Liabilities R'000	Contributing members of Langeberg Municipality R'000
The contribution rate payable is 9% by members and 18% by Council.	June 2016	20 074 608	19 884 689	652

4

NON-CURRENT EMPLOYEE BENEFITS (CONTINUE)

The statutory valuation performed as at 30 June 2016 revealed that the assets of the fund amounted to R20,074,608 (30 June 2015: R18,322,177,000), with funding levels of 118% and 100% (30 June 2015 112.1% and 100%) for the Share Account and the Pensions Account respectively. The Preservation Pension Account showed a surplus of R0 and was 100% funded for both 2016 & 2015. The contribution rate paid by the members (7,50%) and the municipalities (19,50%) is sufficient to fund the benefits accruing from the fund in the future. The actuary certified that the structure of the assets is appropriate relative to the nature of the liabilities, given normal circumstances and that the Fund is in a sound financial condition as at the valuation date.

Contributions paid recognised in the Statement of Financial Performance	16 129 364	14 704 488
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DEFINED CONTRIBUTION FUNDS

Council contributes to the Municipal Council Pension Fund, SALA Pension Fund and SAMWU National Provident Fund which are defined contribution funds. The retirement benefit fund is subject to the Pension Fund Act, 1956, with pension being calculated on the pensionable remuneration paid. Current contributions by Council are charged against expenditure on the basis of current service costs.

	<u>Last Actuarial Valuation</u>	Total Assets R'000	Total liabilities R'000	Contributing members of Langeberg Municipality
<u>South African Local Authorities Pension Fund</u>	July 2016	13 700 300	13 700 300	18
<u>Municipal Workers Retirement Fund (previously SAMWU National Provident Fund)</u>	June 2015	7 720 948	7 569 557	71

The SALA Pension Fund operates both as a defined benefit and defined contribution scheme.

The statutory valuation performed as at 1 July 2016 revealed that the assets of the fund amounted to R13,700,300.00 (30 June 2015 : R13,231,200.00), with funding levels of 100% (30 June 2015: 100%). The highest contribution rate paid by the members was 7.92% and by Council 20.78%.

The Municipal Workers Retirement Fund is a defined contribution scheme. Members contribute at a rate of not less than 7.5% of salaries, as required by the Rules. The employers contribute at a total rate of not less than 18%. From 1 July 2017, members and employers that fall under other bargaining councils or forums are not bound by the above minimum contribution rates. The statutory valuation performed as at 30 June 2017 revealed that the assets of the fund amounted to R7,720,948.000 (30 June 2011 : R6,574,75.00), with funding levels of 102.0% (30 June 2014: 111.7%). As a percentage of members' Fund Credits, the investment smoothing reserve has decreased from 5.6% to 4.9% over the valuation period. As a percentage of the market value of assets, it has decreased marginally from 4.6% to 4.4%. The Fund's assets are sufficient to cover the members' Fund Credits, the targeted levels of the risk benefits reserve and the data and processing error reserve, and an investment smoothing reserve of 4.9% of members' Fund Credits as at 30 June 2017. In addition, there is brought-forward surplus of some R152.8 million which has been allocated to former members and is awaiting payment. The Fund is therefore in a sound financial position.

Contributions paid recognised in the Statement of Financial Performance

Sala Pension Fund	537 898	532 323
SAMWU National Provident Fund	1 699 225	1 687 455
	2 237 123	2 219 778
	2018	2017
	R	R

5

NON-CURRENT PROVISIONS

Provision for Rehabilitation of Landfill-sites	54 181 595	53 761 980
Total Non-current Provisions	54 181 595	53 761 980

The Municipality operates on four landfill sites. The in year actual operational costs is expensed in the statement of financial performance. The provision is calculated in order to finance the rehabilitation cost of each site when it reaches 100% capacity. The expected cash flow outflow within one year is related to the McGregor and Montagu site, which reached 100% capacity and the cost is represented by the short-term portion of the non-current provision. The other landfill sites in operation are Bonnievale and Ashton.

Landfill Sites

Balance 1 July	59 309 618	55 627 947
Contribution for the year	426 990	65 854
Expenditure incurred (Interest)	3 566 702	3 615 817
Total provision 30 June	63 303 309	59 309 618
Less: Transfer of Current Portion to Current Provisions - Note 8	(9 121 714)	(5 547 638)
Balance 30 June	54 181 595	53 761 980

5 NON-CURRENT PROVISIONS (CONTINUE)

The estimated rehabilitation costs for each of the existing sites are based on the current rates for construction costs. The assumptions used are as follows:

	Montagu	Bonnievale	McGregor	Ashton
Area (m ²)	17 190	28 890	35 752	44 685
Rehabilitation volume (m ³)	17 190	23 635	35 752	43 979
Fence (m)				
Total cost of rehabilitation	9 022 550	14 048 155	18 243 429	21 989 176
Decommission date	2015	2027	2015	2017

6 CONSUMER DEPOSITS

Municipal services	11 086 873	9 968 278
Total Consumer Deposits	11 086 873	9 968 278
Guarantees held in lieu of Electricity and Water Deposits	2 414 449	2 414 449

The fair value of consumer deposits approximate their carrying value. Interest is not paid on these amounts.

7 CURRENT EMPLOYEE BENEFITS

Current Portion of Post Retirement Benefits - Note 4	1 971 254	1 924 363
Current Portion of Long-Service Provisions - Note 4	1 522 692	917 951
Staff Leave	9 294 129	7 147 297
Performance Bonuses	372 671	411 482
Bonuses	4 593 798	4 175 554
Total Current Employee Benefits	17 754 544	14 576 647

The movement in current employee benefits is reconciled as follows:

7.1 Staff Leave

Balance at beginning of year	7 147 297	6 850 420
Contribution to current portion	6 378 521	4 103 970
Expenditure incurred	(4 231 689)	(3 807 093)
Balance at end of year	9 294 129	7 147 297

Staff leave accrued to employees according to collective agreement. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave. There is no possibility of reimbursement.

7.2 Performance Bonuses

Balance at beginning of year	411 482	350 164
Contribution / (Reversal) to current portion	368 718	377 725
Expenditure incurred	(407 530)	(316 407)
Balance at end of year	372 671	411 482

Performance bonuses are being paid to the Municipal Manager and Directors after an evaluation of performance by the council. There is no possibility of reimbursement.

7.3 Bonuses

Balance at beginning of year	4 175 554	4 005 432
Contribution to current portion	8 254 988	7 638 013
Expenditure incurred	(7 836 744)	(7 467 891)
Balance at end of year	4 593 798	4 175 554

Bonuses are being paid to all permanent employed municipal staff, excluding section 57 Managers. The balance at year end represent the portion of the bonus that have already vested for the current salary cycle. There is no possibility of reimbursement

8 PROVISIONS

Current Portion of Rehabilitation of Landfill-sites - Note 5	9 121 714	5 547 638
Total Provisions	9 121 714	5 547 638

	2018 R	2017 R
9 TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS		
Trade Payables	47 238 429	56 587 002
Payments received in advance	3 357 196	3 108 405
Retentions and Guarantees	2 594 659	2 824 037
Sundry Deposits	9 912 485	8 172 865
Sundry Creditors	1 387 396	1 099 124
Total Trade and Other Payables	64 490 166	71 791 433
Balance previously reported		70 992 637
Correction of Error - Refer to Note 42.2		798 796
Restated balance		71 791 433

Payables are being recognised net of any discounts.

Payables are being paid within 30 days as prescribed by the MFMA. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other payables on initial recognition is not deemed necessary.

The carrying value of trade and other payables approximates its fair value.

All payables are unsecured.

Sundry deposits include hall, builders and other general deposits.

10 UNSPENT TRANSFERS AND SUBSIDIES		
Unspent Grants	13 644 475	3 075 197
National Government Grants	4 981 146	104 496
Provincial Government Grants	8 014 832	2 509 258
District Municipality	648 497	461 443
Less:		
Unpaid Grants	-	-
National Government Grants	-	-
Provincial Government Grants	-	-
District Municipality	-	-
Total Conditional Grants and Receipts	13 644 475	3 075 197
Balance previously reported		3 082 897
Correction of Error - Refer to Note 42.3		(7 700)
Restated balance		3 075 197

See appendix "D" for reconciliation of grants from other spheres of government. The municipality complied with the conditions attached to all grants received to the extent of revenue recognised. No grants were withheld.

Unspent grants can mainly be attributed to projects that are work in progress on the relevant financial year-ends. An application was sent to National Treasury that the unspent grants at 30 June 2018 be approved for roll-over and when it is approved it will be taken up in the second adjustments budget of the 2018/2019 financial year.

Unspent grants can mainly be attributed to projects that are work in progress on the relevant financial year-ends.

11 UNSPENT PUBLIC CONTRIBUTIONS		
Silver Strand Home Owners Association	62 849	62 849
Robertson Arts and Crafts Project	621 481	621 481
Total Unspent Public Contributions	684 330	684 330
Reconciliation of public contributions:		
11.1 <u>Silver Strand Home Owners Association</u>		
Opening balance	62 849	62 849
Contributions received	-	-
Conditions met - Transferred to revenue	-	-
Closing balance	62 849	62 849

The Silver Strand Home Owners Association had to make a contribution for the construction of infrastructure. The project is not yet complete.

11 UNSPENT PUBLIC CONTRIBUTIONS (CONTINUE)

	2018 R	2017 R
11.2 <u>Robertson Arts and Crafts Project</u>		
Opening balance	621 481	621 481
Contributions received	-	-
Conditions met - Transferred to revenue	-	-
Closing balance	<u>621 481</u>	<u>621 481</u>

The money was transferred into the bank account of the municipality, this conditional grant funding is earmarked for the Robertson Arts and Crafts Project to be administered by Langeberg Municipality.

12 TAXES

12.1 VAT PAYABLE

VAT Payable	(212 064)	15 406
VAT output in suspense	7 747 144	7 111 532
<u>Less: VAT portion of receivables</u>	<u>(4 199 768)</u>	<u>(3 545 209)</u>
Total Vat payable	<u>3 335 312</u>	<u>3 581 729</u>

12.2 VAT RECEIVABLE

VAT input in suspense	5 544 793	5 390 976
Total VAT receivable	<u>5 544 793</u>	<u>5 390 976</u>

12.3 NET VAT RECEIVABLE/(PAYABLE)

<u>2 209 480</u>	<u>1 809 247</u>
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VAT is receivable/payable on the cash basis. VAT is paid over to SARS only once payment is received from debtors.

LANGE BERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

13 PROPERTY, PLANT AND EQUIPMENT

13.1 30 JUNE 2018

Reconciliation of Carrying Value	Cost												Accumulated Depreciation and Impairment Losses												Carrying Value
	Opening Balance Depreciable Amount	Opening Balance Residual Values	Adjustments Original Cost	Adjustments Residual Values	Restated Opening Balance Depreciable Amount	Restated Opening Residual Value	Additions Original Cost	Additions Residual Values	Disposals / Transfer Original Cost	Disposals / Transfer Residual Values	Adjustments	Closing Balance Cost	Accumulated Depreciation Opening Balance	Accumulated Impairments Opening Balance	Adjustments	Depreciation	Disposals / Transfer Depreciation	Impairments	Disposals / Transfer Impairment	Adjustments Impairment	Accumulated Depreciation Closing Balance	Accumulated Impairments Closing Balance			
	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R		
Land and Buildings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Land	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
Buildings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
Work in Progress	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
Infrastructure	551 492 647	2	-	-	551 492 647	2	32 974 690	-	(114 377)	(1)	2 338 038	586 690 999	135 105 494	20 640	-	15 027 376	(40 461)	49 248	-	(20 640)	150 092 408	49 248	436 549 343		
Electricity	131 374 503	-	-	-	131 374 503	-	7 488 607	-	-	-	-	138 863 110	40 773 108	-	-	3 408 420	-	-	-	-	44 181 528	-	94 681 581		
Housing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
Roads	121 643 338	-	-	-	121 643 338	-	332 138	-	-	-	-	121 975 476	39 117 748	-	-	3 486 864	-	-	-	-	42 604 612	-	79 370 864		
Sewerage	89 660 996	1	-	-	89 660 996	1	3 428 742	-	(57 119)	(1)	-	93 032 618	18 641 313	-	-	2 797 921	(20 360)	-	-	-	21 418 874	-	71 613 745		
Waste Management	26 348 983	-	-	-	26 348 983	-	-	-	(3 300)	-	-	26 345 683	2 830 770	-	-	1 073 248	(3 152)	49 248	-	-	3 900 867	49 248	22 395 568		
Water	136 802 400	1	-	-	136 802 400	1	26 659 325	-	(53 958)	-	-	163 407 767	28 967 876	20 640	-	3 692 676	(16 950)	-	(20 640)	-	32 643 603	-	130 764 165		
Storm Water	26 931 990	-	-	-	26 931 990	-	273 936	-	-	-	-	27 205 927	4 774 678	-	-	568 246	-	-	-	-	5 342 924	-	21 863 002		
Capital Spares Electricity	2 092 595	-	-	-	2 092 595	-	-	-	-	-	2 455 536	4 548 130	-	-	-	-	-	-	-	-	-	-	4 548 130		
Capital Spares Water	380 734	-	-	-	380 734	-	-	-	-	-	(117 497)	263 237	-	-	-	-	-	-	-	-	-	-	263 237		
Work in Progress	16 257 109	-	-	-	16 257 109	-	(5 208 058)	-	-	-	-	11 049 051	-	-	-	-	-	-	-	-	-	-	11 049 051		
Community Assets	112 793 455	-	-	-	112 793 455	-	2 430 572	-	(104 142)	-	-	115 119 885	21 305 730	200 000	-	2 094 702	(14 176)	-	-	-	23 386 256	200 000	91 533 629		
Airfield	19 434	-	-	-	19 434	-	-	-	-	-	-	19 434	19 062	-	-	357	-	-	-	-	19 419	-	15		
Cemeteries	2 777 496	-	-	-	2 777 496	-	-	-	-	-	-	2 777 496	1 260 466	-	-	82 325	-	-	-	-	1 342 792	-	1 434 704		
Clinics	1 066 000	-	-	-	1 066 000	-	-	-	-	-	-	1 066 000	279 843	-	-	44 863	-	-	-	-	324 705	-	741 295		
Community halls	15 843 454	-	-	-	15 843 454	-	339 666	-	(12 946)	-	-	16 170 174	3 316 728	-	-	217 036	-	-	-	-	3 533 764	-	12 636 409		
Fire, safety & emergency	1 078 870	-	-	-	1 078 870	-	-	-	-	-	-	1 078 870	429 771	-	-	45 646	-	-	-	-	475 417	-	603 454		
Libraries	17 231 165	-	-	-	17 231 165	-	132 717	-	-	-	-	17 363 882	3 833 125	-	-	498 314	-	-	-	-	4 331 439	-	13 032 443		
Museums & Art Galleries	433 000	-	-	-	433 000	-	-	-	-	-	-	433 000	77 520	-	-	4 305	-	-	-	-	81 825	-	351 175		
Other	40 611 211	-	-	-	40 611 211	-	100 279	-	(77 000)	-	-	40 634 491	2 623 724	200 000	-	419 520	-	-	-	-	3 043 244	200 000	37 391 247		
Parks & Gardens	12 703 152	-	-	-	12 703 152	-	-	-	-	-	-	12 703 152	2 170 488	-	-	161 400	-	-	-	-	2 331 888	-	10 371 264		
Recreation facilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Sport fields & stadia	19 606 463	-	-	-	19 606 463	-	87 399	-	(14 196)	-	-	19 679 667	6 806 883	-	-	594 039	(14 176)	-	-	-	7 386 746	-	12 292 921		
Swimming pools	826 564	-	-	-	826 564	-	-	-	-	-	-	826 564	488 121	-	-	26 897	-	-	-	-	515 018	-	311 546		
Work in Progress	596 647	-	-	-	596 647	-	1 770 510	-	-	-	-	2 367 157	-	-	-	-	-	-	-	-	-	-	2 367 157		
Leased Assets	1 473 718	-	-	-	1 473 718	-	110 242	-	(82 534)	-	-	1 501 426	354 123	-	-	492 764	(82 534)	-	-	-	764 354	-	737 072		
Office Equipment (Lease)	1 473 718	-	-	-	1 473 718	-	110 242	-	(82 534)	-	-	1 501 426	354 123	-	-	492 764	(82 534)	-	-	-	764 354	-	737 072		
Other Assets	141 078 371	11 139 355	-	-	141 078 371	11 139 355	7 098 982	901 796	(3 512 585)	(95 934)	-	156 609 985	47 389 536	775 825	-	7 175 682	(3 059 765)	38 852	(261 337)	-	51 505 453	553 340	104 551 192		
Computer hardware/equipment	16 513 720	28	-	-	16 513 720	28	1 284 587	-	(1 992 313)	(15)	-	15 806 007	7 647 858	100 896	-	1 784 684	(1 800 342)	20 177	(98 831)	-	7 632 200	22 241	8 151 565		
Furniture & office equipment	9 609 063	58 281	-	-	9 609 063	58 281	210 616	-	(331 152)	(14)	-	9 546 793	4 614 874	14 139	-	1 176 158	(280 540)	6 860	(13 453)	-	5 510 492	7 547	4 028 755		
General Vehicles	32 721 391	9 632 174	-	-	32 721 391	9 632 174	1 768 088	828 478	(322 238)	(95 886)	-	44 532 007	15 171 651	131 265	-	2 226 567	(286 858)	-	(131 265)	-	17 111 360	-	27 420 647		
Other	4 892 246	-	-	-	4 892 246	-	1 822 413	-	-	-	-	6 714 660	323 210	-	-	26 135	-	-	-	-	349 345	-	6 365 315		
Other Buildings	55 430 356	1	-	-	55 430 356	1	583 627	-	(73 584)	-	-	55 940 400	7 674 708	511 737	-	561 408	(21 731)	-	-	-	8 214 385	511 737	47 214 279		
Specialised Vehicles	3 924 298	954 721	-	-	3 924 298	954 721	585 980	73 318	-	-	-	5 538 317	2 557 906	-	-	204 429	-	-	-	-	2 762 336	-	2 775 981		
Plant & Equipment	17 987 297	494 151	-	-	17 987 297	494 151	843 670	-	(793 298)	(19)	-	18 531 802	9 399 328	17 787	-	1 196 300	(670 293)	11 815	(17 787)	-	9 925 335	11 815	8 594 652		
	806 838 191	11 139 357	-	-	806 838 191	11 139 357	42 614 485	901 796	(3 813 638)	(95 935)	2 338 038	859 922 294	204 154 884	996 465	-	24 790 523	(3 196 936)	88 100	(261 337)	(20 640)	225 748 471	802 588	633 371 235		

13 PROPERTY, PLANT AND EQUIPMENT

13.2 30 JUNE 2017

Reconciliation of Carrying Value	Cost											Accumulated Depreciation and Impairment Losses											Carrying Value
	Opening Balance Depreciable Amount	Opening Balance Residual Values	Adjustments Original Cost	Adjustments Residual Values	Restated Opening Balance Depreciable Amount	Restated Opening Residual Value	Additions Original Cost	Additions Residual Values	Disposals / Transfer Original Cost	Disposals / Transfer Residual Values	Adjustments	Closing Balance Cost	Accumulated Depreciation Opening Balance	Accumulated Impairments Opening Balance	Adjustments	Depreciation	Disposals / Transfer	Impairments	Adjustments Accumulated Depreciation	Adjustments Accumulated Impairments	Accumulated Depreciation Closing Balance	Accumulated Impairments Closing Balance	
	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R
Land and Buildings	91 399 504	1	-	-	91 399 504	1	4 000 483	-	-1 174 613	-	(94 225 375)	-	8 209 272	203 340	-	858 999	(23 391)	-	(9 044 880)	(203 340)	-	-	-
Land	58 230 214	-	(110 100)	-	58 120 114	-	-	-	-1 019 347	-	-57 100 767	-	-	200 000	-	-	-	-	-	(200 000)	-	-	-
Buildings	33 169 290	1	110 100	-	33 279 390	1	3 919 983	-	-155 266	-	-37 044 108	-	8 209 272	3 340	-	858 999	(23 391)	-	(9 044 880)	(3 340)	-	-	-
Work in Progress	-	-	-	-	-	-	80 500	-	-	-	-80 500	-	-	-	-	-	-	-	-	-	-	-	-
Infrastructure	519 214 777	2	(110 866)	-	519 103 911	2	30 574 119	-	-202 905	-	2 017 522	551 492 649	121 503 561	508 397	-	13 558 836	(138 245)	20 640	181 342	(508 397)	135 105 494	20 640	416 366 515
Electricity	128 005 856	-	(24 379)	-	127 981 477	-	2 371 659	-	-	-	1 021 367	131 374 503	37 261 834	-	-	3 281 744	-	-	229 530	-	40 773 108	-	90 601 395
Electricity capital spares	2 092 595	-	(117 001)	-	1 975 594	-	-	-	-	-	117 001	2 092 595	-	-	-	-	-	-	-	-	-	-	2 092 595
Housing	5 879 200	-	-	-	5 879 200	-	-	-	-3 000	-	-5 876 200	-	320 838	-	-	9 719	-	-	(330 557)	(508 397)	-	-	-
Roads	136 527 376	-	(152 764)	-	136 374 612	-	493 418	-	-90 840	-	-15 133 852	121 643 338	36 738 197	-	-	3 841 473	(79 499)	-	(1 382 423)	-	39 117 748	-	82 526 589
Sewerage	65 122 854	1	-	-	65 122 854	1	21 498 772	-	-	-	3 039 369	89 660 997	16 088 317	-	-	1 960 769	-	-	592 227	-	18 641 313	-	71 019 684
Waste Management	19 992 800	-	-	-	19 992 800	-	13 760 494	-	-	-	-7 404 311	26 348 983	4 906 055	-	-	942 010	-	-	(3 017 295)	-	2 830 770	-	23 518 212
Storm Water	-	-	-	-	-	-	-	-	-	-	26 931 990	26 931 990	-	-	-	-	-	-	4 774 678	-	4 774 678	-	22 157 312
Water	135 619 794	1	-	-	135 619 794	1	1 788 783	-	-109 064	-	-497 113	136 802 401	26 188 319	-	-	3 523 121	(58 746)	20 640	(684 819)	-	28 967 876	20 640	107 813 885
Water capital spares	380 734	-	3 586	-	384 320	-	-	-	-3 586	-	-	380 734	-	-	-	-	-	-	-	-	-	-	380 734
Work in Progress	25 593 568	-	179 692	-	25 773 260	-	-9 339 008	-	-	-	-177 143	16 257 109	-	-	-	-	-	-	-	-	-	-	16 257 109
Community Assets	74 373 612	-	-	-	74 373 612	-	5 107 766	-	-85 000	-	33 397 077	112 793 455	18 034 358	-	-	1 772 994	(15 278)	-	1 513 656	200 000	21 305 730	200 000	91 287 725
Airfield	243 058	-	-	-	243 058	-	-	-	-	-	(223 624)	19 434	41 376	-	-	7 811	-	-	(30 125)	-	19 062	-	372
Cemeteries	2 494 252	-	-	-	2 494 252	-	-	-	-	-	283 244	2 777 496	1 096 891	-	-	98 002	-	-	65 574	-	1 260 466	-	1 517 030
Clinics	2 955 191	-	49 000	-	3 004 191	-	-	-	-85 000	-	(1 853 191)	1 066 000	606 663	-	-	62 925	(15 278)	-	(374 467)	-	279 843	-	786 158
Community halls	16 086 304	-	-	-	16 086 304	-	-	-	-	-	(242 850)	15 843 454	3 193 892	-	-	194 972	-	-	(72 135)	-	3 316 728	-	12 526 726
Fire, safety & emergency	681 144	-	-	-	681 144	-	-	-	-	-	397 726	1 078 870	303 390	-	-	30 755	-	-	95 627	-	429 771	-	649 100
Libraries	8 701 023	-	(1 388 490)	-	7 312 533	-	4 375 371	-	-	-	5 543 261	17 231 165	2 715 813	-	-	245 178	-	-	872 134	-	3 833 125	-	13 398 040
Museums & Art Galleries	595 166	-	-	-	595 166	-	-	-	-	-	(162 166)	433 000	121 940	-	-	8 884	-	-	(53 304)	-	77 520	-	355 480
Other	9 821 492	-	-	-	9 821 492	-	-	-	-	-	30 789 730	40 611 211	1 344 693	-	-	328 364	-	-	950 667	200 000	2 623 724	200 000	37 787 488
Parks & Gardens	11 573 771	-	-	-	11 573 771	-	-	-	-	-	1 129 381	12 703 152	1 404 771	-	-	119 826	-	-	645 891	-	2 170 488	-	10 532 664
Recreation facilities	1 729 213	-	-	-	1 729 213	-	-	-	-	-	(1 729 213)	-	1 207 879	-	-	56 331	-	-	(1 264 210)	-	-	-	-
Sport fields & stadia	15 908 068	-	(453 118)	-	15 454 940	-	135 749	-	-	-	4 015 774	19 606 463	4 459 985	-	-	506 300	-	-	1 840 597	-	6 806 883	-	12 799 580
Swimming pools	3 468 269	-	-	-	3 468 269	-	-	-	-	-	(2 641 706)	826 564	-	-	-	113 646	-	-	(1 162 593)	-	488 121	-	338 443
Work in Progress	116 683	-	1 792 607	-	1 909 290	-	596 647	-	-	-	(1 909 290)	596 647	-	-	-	-	-	-	-	-	-	-	596 647
Leased Assets	2 237 884	-	-	-	2 237 884	-	1 391 184	-	-184 832	-	-1 970 518	1 473 718	360 531	-	-	1 048 837	(159 498)	-	(895 746)	-	354 123	-	1 119 594
Office Equipment (Lease)	2 237 884	-	-	-	2 237 884	-	1 391 184	-	-184 832	-	(1 970 518)	1 473 718	360 531	-	-	1 048 837	(159 498)	-	(895 746)	-	354 123	-	1 119 594
Other Assets	71 174 215	9 825 142	(5 816)	-	71 168 399	9 825 142	9 986 928	1 314 212	-835 793	-22 456	60 781 294	152 217 726	34 283 086	1 413	-	5 669 903	(770 946)	262 674	8 207 496	511 737	47 389 539	264 088	104 052 362
Computer hardware/equipment	14 400 924	27	-	-	14 400 924	27	1 376 909	-	-79 384	-	815 272	16 513 748	6 165 941	1 413	-	1 269 323	(34 418)	99 723	246 905	-	7 647 752	101 136	8 764 860
Furniture & office equipment	7 952 059	255	(5 816)	-	7 946 243	255	1 645 559	58 047	-717 678	-	734 917	9 667 343	3 796 528	-	-	1 157 016	(695 749)	14 884	366 938	-	4 614 732	14 884	5 037 727
General Vehicles	21 858 276	7 437 292	-	-	21 858 276	7 437 292	5 200 883	1 256 165	-31 590	-22 456	6 654 995	42 353 565	11 105 384	-	-	1 471 444	(23 993)	131 265	2 618 816	-	15 171 651	131 265	27 050 648
Other	2 377 691	207 942	-	-	2 377 691	207 942	9 690	-	-	-	2 296 924	4 892 246	282 553	-	-	231 690	-	-	(191 032)	-	323 210	-	4 569 036
Other Buildings	1 260 505	-	-	-	1 260 505	-	-	-	-	-	54 169 852	55 430 357	571 230	-	-	36 260	-	-	7 067 217	511 737	7 674 708	511 737	47 243 912
Specialised Vehicles	3 924 298	954 721	-	-	3 924 298	954 721	-	-	-	-	4 879 018	2 351 820	-	-	-	196 087	-	-	-	-	2 557 906	-	2 321 112
Plant & Equipment	19 400 463	1 224 906	-	-	19 400 463	1 224 906	1 753 887	-	-7 141	-	(3 890 666)	18 481 448	9 999 631	-	-	1 308 083	(16 787)	16 802	(1 891 348)	-	9 399 579	16 802	9 065 067
	758 399 992	9 825 145	(116 682)	-	758 283 310	9 825 145	51 060 480	1 314 212	(2 483 143)	(22 456)	(0)	817 977 548	182 390 808	713 150	-	22 909 570	(1 107 358)	283 314	(38 132)	-	204 154 887	484 728	612 826 197

		2018 R	2017 R
13	PROPERTY, PLANT AND EQUIPMENT (CONTINUE)		
13.3	Property, Plant and Equipment which is in the process of being constructed or developed:		
	Infrastructure Assets	11 049 051	16 257 109
	Roads	2 843 512	1 419 358
	Storm Water	-	-
	Electricity	280 300	2 499 774
	Water Supply	6 981 950	8 369 877
	Sanitation	943 288	3 968 100
	Solid Waste	-	-
	Rail	-	-
	Coastal	-	-
	Information and Communication	-	-
	Community Assets	2 367 157	713 329
	Other Assets	1 902 913	80 500
	Total Property, Plant and Equipment under construction	13 416 208	17 050 938
13.4	There are no Property, Plant and Equipment that is taking a significantly longer period of time to complete than expected.		
13.5	Property, Plant and Equipment where construction or development has been halted:		
	Infrastructure Assets	753 036	-
	Roads	-	-
	Storm Water	-	-
	Electricity	-	-
	Water Supply	-	-
	Sanitation	753 036	-
	Solid Waste	-	-
	Rail	-	-
	Coastal	-	-
	Information and Communication	-	-
	Community Assets	-	-
	Other Assets	-	-
	Total	753 036	-
	The project has been halted due to an ongoing road project that must first be completed. No indicators of impairment has been identified.		
13.6	Expenditure incurred to repair and maintain Property, Plant and Equipment:		
	Employee related costs	318 036	905 203
	Other materials	6 207 037	9 434 546
	Contracted Services	8 586 679	6 223 519
	Other Expenditure	1 235 958	104 451
	Total Repairs and Maintenance	16 347 710	16 667 720
13.7	Assets pledged as security:		
	A bond is registered on the Town Hall of Ashton in favour of the Development Bank of South Africa as security for the following loans:		
	- Vehicle Testing Station		
	- Paving		
13.8	Effect of changes in accounting estimates		
	During the current year useful lives of Property, Plant and Equipment were re-assessed. The effect of current as well as future periods are as follows:		
		2018	2019
	Effect on Accumulated Surplus - Decrease/(Increase) in depreciation	320 265	320 265
	Increase/(Decrease) in Accumulated Depreciation: PPE	(320 265)	(320 265)

	2018 R	2017 R
14 INVESTMENT PROPERTY		
Net Carrying amount at 1 July	26 951 067	27 040 649
Cost	28 784 905	28 824 905
Accumulated Depreciation	(1 833 838)	(1 784 256)
Accumulated Impairment	-	-
Disposals		(40 000)
Depreciation for the year	(49 582)	(49 582)
Net Carrying amount at 30 June	26 901 486	26 951 067
Cost	28 784 905	28 784 905
Accumulated Depreciation	(1 883 419)	(1 833 838)
Accumulated Impairment	-	-
Balance previously reported		26 971 067
Correction of Error - Refer to Note 42.5		(20 000)
Restated balance		26 951 067

There are no Investment Property which is in the process of being constructed or developed.

There are no Investment Property that is taking a significantly longer period of time to complete than expected.

There are no Investment Property where construction or development has been halted.

There are no restrictions on the realisability of Investment Property or the remittance of revenue and proceeds of disposal.

There are no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.

14.1 Revenue from Investment Property		
Revenue derived from the rental of investment property	1 566 715	1 187 838
14.2 Operating Expenditure incurred on properties:		
Other Operating expenditure incurred on properties	2 776 091	3 967 335
Repairs and Maintenance incurred on properties:		
Revenue Generating	202 453	7 597
Improved Property	202 453	7 597
Unimproved Property	-	-
Total Repairs and Maintenance	202 453	7 597

15 INTANGIBLE ASSETS		
Net Carrying amount at 1 July	209 437	210 328
Cost	1 059 134	1 005 843
Accumulated Amortisation	(849 697)	(795 515)
Acquisitions	1 372 521	53 291
Amortisation	(265 663)	(54 182)
Disposals	-	-
Net Carrying amount at 30 June	1 316 295	209 437
Cost	2 431 655	1 059 134
Accumulated Amortisation	(1 115 360)	(849 697)

The following material intangible assets are included in the carrying value above:

Description	Carrying Value	
Microsoft Office	654 166	103 146
Replication Software	36 131	-
Internal Audit and Risk Management Software	494 527	-
Software Bytes NBD	8 029	29 191
Omron Scda Software - Vehicle Testing	16 485	24 100
Servitude Bonnievale	53 000	53 000
Total	1 262 338	209 437

Only the Bonnievale Servitude was assessed as an intangible asset having an indefinite useful life. As it is a right to use a piece of land impairment assessment annually is considered but not deemed necessary.

15 **INTANGIBLE ASSETS (CONTINUE)**

There are no internally generated intangible assets at reporting date. There are no intangible assets whose title is restricted.

There are no intangible assets pledged as security for liabilities.

There are no contractual commitments for the acquisition of intangible assets.

There are no Intangible Assets which is in the process of being constructed or developed.

There are no Intangible Assets that is taking a significantly longer period of time to complete than expected.

There are no Intangible Assets where construction or development has been halted.

There are no contractual commitments for the acquisition of intangible assets.

16 **HERITAGE ASSETS**

Net Carrying amount at 1 July

	2018 R	2017 R
Cost	649 000	649 000
Accumulated Impairment	(389 000)	(389 000)

Acquisitions	-	-
Impairments	-	-

Net Carrying amount at 30 June

	2018 R	2017 R
Cost	649 000	649 000
Accumulated Impairment	(389 000)	(389 000)

The Museum collapsed on 26 August 2014 when maintenance work was done by a contractor. The municipality instituted legal proceedings against the contractor to recover costs to reinstate the building.

There are no restrictions on the realisability of Heritage Assets or the remittance of revenue and proceeds of disposal.

There are no contractual obligations to purchase, construct or develop Heritage Assets or for repairs, maintenance or enhancements.

There are no Heritage Assets pledged as security for liabilities

17 **CAPITALISED RESTORATION COST**

Net Carrying amount at 1 July

	4 547 326	7 957 403
Cost	50 124 537	50 107 091
Accumulated Depreciation	(32 184 780)	(28 757 257)
Accumulated Impairments	(13 392 431)	(13 392 431)

Acquisitions / Additions	-	-
(Decrease)/Increase in asset value	(49 264)	17 445
Depreciation for the year	(439 792)	(3 427 522)
Impairment for the year	-	-

Net Carrying amount at 30 June

	4 058 270	4 547 326
Cost	50 075 272	50 124 537
Accumulated Depreciation	(32 624 572)	(32 184 780)
Accumulated Impairments	(13 392 431)	(13 392 431)

The impairment on the landfill sites is as result of the rehabilitation requirements, but the Montagu and McGregor sites have already reached their economic useful lives.

18 **NON-CURRENT INVESTMENTS**

Listed Investments	113 791	110 485
Unlisted Investments	12 850	12 336
Total Non-Current Investments	126 641	122 821

Listed shares are held in public companies. No specific maturity dates and interest rates are applicable to these shares.

The listed shares represent 270 Sanlam Shares and 685 Distell Shares and Unlisted Shares represent 1028 KVV Shares (LA Concorde) held at fair value, available for sale.

The market value per share at year end: Sanlam Shares	70.07	64.80
The market value per share at year end: La Concorde Holdings	12.50	12.00
The market value per share at year end: Capevin Shares	-	9.05
The market value per share at year end: Distell Shares	138.50	-

		2018 R	2017 R
19	NON-CURRENT RECEIVABLES		
	Provincial Government Housing Loans - At amortised cost	374 094	365 196
	Staff Study loans - At amortised cost	108 352	139 551
	Services connections - At amortised cost	459 911	520 610
	Short-term Installments	271 079	264 524
	Agreements with Consumer Debtors	13 408 004	13 430 508
		<u>14 621 440</u>	<u>14 720 389</u>
	Less: Current portion transferred to current receivables	(717 010)	(655 465)
		<u>13 904 430</u>	<u>14 064 924</u>
	Less: Provision for Impairment	(13 408 004)	(13 430 508)
	Total Long Term Receivables	<u>496 426</u>	<u>634 415</u>
	HOUSING LOANS		
	The Provincial Government Housing Loans are receivable from various customers. When tested for impairment management determined that none of the financial assets are individually significant therefore impairment was performed on a group basis.		
	SERVICES CONNECTIONS		
	The Services connections are receivable from various customers. When tested for impairment; management determined; that none of the financial assets are individually significant therefore impairment was performed on a group basis.		
	LAND SALES		
	The Land sales are receivable from various customers. When tested for impairment; management determined; that none of the financial assets are individually significant therefore impairment was performed on a group basis.		
	AGREEMENTS WITH CONSUMER DEBTORS		
	The agreements with consumer debtors are receivable from various customers. When tested for impairment; management determined; that none of the financial assets are individually significant therefore impairment was performed on a group basis.		
	Reconciliation of Provision for Bad Debts		
	Balance at beginning of year	13 430 508	15 750 841
	Contribution to provision/(Reversal of provision)	(22 504)	(2 320 333)
	Balance at end of year	<u>13 408 004</u>	<u>13 430 508</u>
20	INVENTORY		
	Maintenance Materials - At cost	8 756 480	7 385 870
	Compost – at cost	64 933	127 636
	Water – at cost	220 694	149 537
	Low Cost Housing	13 808 157	44 893 833
	Total Inventory	<u>22 850 263</u>	<u>52 556 877</u>
	Balance previously reported		52 547 337
	Correction of Error - Refer to Note 42.6		9 540
	Restated balance		<u>52 556 877</u>
	The municipality recognised only purification costs in respect of non-purchased purified water inventory.		
	Consumable stores materials written down due to damages as identified during the annual stores counts.	<u>3 558</u>	<u>3 220</u>
	Consumable stores materials (shortages)/surpluses identified during the annual stores counts.	<u>(2 167)</u>	<u>202</u>
	Inventory recognised as an expense during the year	<u>63 907 534</u>	<u>17 659 629</u>
	Write down of inventory to the lower of Cost or Net Realisable Value	<u>39 890</u>	<u>25 844</u>
21	RECEIVABLES FROM EXCHANGE TRANSACTIONS		
	Electricity	20 948 126	21 261 204
	Water	8 924 548	7 505 642
	Refuse	5 170 861	4 138 023
	Sewerage	6 693 529	5 526 934
	Housing Rentals	585 871	560 346
	Other Receivables	2 375 030	4 090 414
	Prepaid Expenses	651 075	122 821
	Other	13 723 837	19 253 605
	Total Receivables from Exchange Transactions	<u>59 072 876</u>	<u>62 458 989</u>
	Less: Provision for Impairment	(17 704 374)	(14 698 791)
	Total Net Receivables from Exchange Transactions	<u>41 368 502</u>	<u>47 760 198</u>

RECEIVABLES FROM EXCHANGE TRANSACTIONS (CONTINUE)

Consumer Trade Receivables are payable within 30 days. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other receivables on initial recognition is not deemed necessary

Ageing of Receivables from Exchange Transactions:

	2018 R	2017 R
<u>(Electricity): Ageing</u>		
Current (0 - 30 days)	18 526 159	19 662 982
31 - 60 Days	391 525	284 258
61 - 90 Days	266 007	110 191
+ 90 Days	1 764 435	1 203 774
Total	20 948 126	21 261 204
<u>(Water): Ageing</u>		
Current (0 - 30 days)	3 520 950	3 325 080
31 - 60 Days	632 707	485 567
61 - 90 Days	468 173	442 807
+ 90 Days	4 302 718	3 252 188
Total	8 924 548	7 505 642
<u>(Refuse): Ageing</u>		
Current (0 - 30 days)	1 533 194	1 270 173
31 - 60 Days	255 834	179 645
61 - 90 Days	198 425	193 965
+ 90 Days	3 183 408	2 494 239
Total	5 170 861	4 138 023
<u>(Sewerage): Ageing</u>		
Current (0 - 30 days)	1 878 613	1 673 669
31 - 60 Days	316 654	234 013
61 - 90 Days	246 999	256 523
+ 90 Days	4 251 262	3 362 729
Total	6 693 529	5 526 934
<u>(Other): Ageing</u>		
Current (0 - 30 days)	14 477 678	21 128 646
31 - 60 Days	51 441	77 458
61 - 90 Days	37 288	169 856
+ 90 Days	2 769 405	2 651 225
Total	17 335 812	24 027 186
<u>(Total): Ageing</u>		
Current (0 - 30 days)	39 936 594	47 060 551
31 - 60 Days	1 648 162	1 260 941
61 - 90 Days	1 216 893	1 173 343
+ 90 Days	16 271 227	12 964 155
Total	59 072 876	62 458 989
Reconciliation of Provision for Bad Debts		
Balance at beginning of year	14 698 791	15 043 689
Contribution to provision/(Reversal of provision)	3 005 584	(344 898)
Balance at end of year	17 704 374	14 698 791
The Provision for Impairment could be allocated between the different classes of receivables as follows:		
Electricity	1 872 062	1 707 420
Water	5 124 576	4 063 467
Refuse	3 383 135	2 684 718
Sewerage	4 538 823	3 646 024
Other	2 785 778	2 597 162
	17 704 374	14 698 791

21 RECEIVABLES FROM EXCHANGE TRANSACTIONS (CONTINUE)

	Gross balance	Allowance for doubtful debt	Net balance
30 June 2018			
Electricity	20 948 126	(1 872 062)	19 076 064
Water	8 924 548	(5 124 576)	3 799 972
Refuse	5 170 861	(3 383 135)	1 787 726
Sewerage	6 693 529	(4 538 823)	2 154 706
Other	17 335 812	(2 785 778)	14 550 034
Balance at end of year	59 072 876	(17 704 374)	41 368 502
30 June 2017			
Electricity	21 261 204	(1 707 420)	19 553 785
Water	7 505 642	(4 063 467)	3 442 175
Refuse	4 138 023	(2 684 718)	1 453 304
Sewerage	5 526 934	(3 646 024)	1 880 910
Other	24 027 186	(2 597 162)	21 430 024
Balance at end of year	62 458 989	(14 698 791)	47 760 198

Concentrations of credit risk with respect to trade receivables are limited due to the municipality's large number of customers. The municipality's historical experience in collection of trade receivables falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the municipality's trade receivables.

22 RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

	2018 R	2017 R
Rates	10 803 878	9 482 088
Fines	3 134 000	7 488 785
Other Receivables	9 437 535	9 176 605
Accrued Interest	149 528	615 137
Availability charges	6 203 728	5 714 522
Other	3 084 279	2 846 947
Total Receivables from Non-Exchange Transactions	23 375 412	26 147 478
Less: Provision for Impairment	(16 136 115)	(18 759 436)
Total Net Receivables from Non-Exchange Transactions	7 239 298	7 388 042
Balance previously reported		7 323 898
Correction of Error - Refer to Note 42.7		64 144
Restated balance		7 388 042

Trade Receivables with a total outstanding balance of R 13 408 004 (2017: R13 430 508) have arranged to settle their account over a re-negotiated period. The total value has been deferred beyond 12 months after year end and subsequently included as part of long term Trade Receivables.

Refer to note 19 for balances deferred beyond 12 months from year end.

Ageing of Receivables from Non-Exchange Transactions:

(Rates): Ageing

Current (0 - 30 days)	2 565 035	2 350 120
31 - 60 Days	186 630	168 292
61 - 90 Days	157 899	277 952
+ 90 Days	7 894 314	6 685 725
Total	10 803 878	9 482 088

Reconciliation of Provision for Bad Debts

Balance at beginning of year	18 759 436	25 530 656
Contribution to provision/(Reversal of provision)	(2 623 322)	(6 771 220)
Balance at end of year	16 136 115	18 759 436

22 RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS (CONTINUE)

30 June 2018	Gross balance	Allowance for doubtful debt	Net balance
Rates	10 803 878	(7 373 869)	3 430 008
Fines	3 134 000	(2 953 662)	180 338
Other Receivables	9 437 535	(5 808 583)	3 628 952
Balance at end of year	23 375 412	(16 136 115)	7 239 298

30 June 2017	Gross balance	Allowance for doubtful debt	Net balance
Rates	9 482 088	(6 762 810)	2 719 278
Fines	7 488 785	(6 608 028)	880 757
Other Receivables	9 176 605	(5 388 599)	3 788 007
Balance at end of year	26 147 478	(18 759 436)	7 388 042

Concentrations of credit risk with respect to trade receivables are limited due to the municipality's large number of customers. The municipality's historical experience in collection of trade receivables falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the municipality's trade receivables.

	2018 R	2017 R
23 OPERATING LEASE ARRANGEMENTS		
The Municipality as Lessor (Asset)		
Balance on 1 July	95 823	79 218
Movement during the year	5 776	16 605
Balance on 30 June	101 600	95 823
Balance previously reported		108 437
Correction of Error - Refer to Note 42.8		(12 614)
Restated balance		95 823

At the Statement of Financial Position date, where the municipality acts as a lessor under operating leases, it will receive operating lease income as follows:

Up to 1 Year	1 506 569	1 605 151
1 to 5 Years	1 360 813	2 769 579
More than 5 Years	228 915	326 718
Total Operating Lease Arrangements	3 096 297	4 701 448

This lease income was determined from contracts that have a specific conditional income. It does not include lease income which has a undetermined conditional income

The leases are in respect of land and buildings being leased out.

24 CASH AND CASH EQUIVALENTS

Assets

Call Investments Deposits	130 034 742	95 083 394
Bank Accounts	19 089 790	20 010 635
Cash Floats	10 300	10 610
Total Cash and Cash Equivalents - Assets	149 134 832	115 104 639

Cash and cash equivalents comprises of cash held and short term deposits. The carrying amount of these assets approximates their fair value.

The Municipality does not have a bank overdraft facility. Management did not deem it necessary.

The municipality has the following bank accounts:

Current Accounts

Primary Bank account	19 089 790	20 010 635
Traffic bank account	-	-
	19 089 790	20 010 635

Traffic account is cleared daily to Primary Bank Account.

24 CASH AND CASH EQUIVALENTS (CONTINUE)

		2018 R	2017 R
Primary Bank account	Montagu ABSA - Account Number 1050 000 008		
Cash book balance at beginning of year		20 010 635	13 063 862
Cash book balance at end of year		19 089 790	20 010 635
Bank statement balance at beginning of year		19 656 216	12 523 860
Bank statement balance at end of year		18 694 120	19 656 216
Traffic bank account	Montagu ABSA - Account Number 406 272 8351		
Cash book balance at beginning of year		-	-
Cash book balance at end of year		-	-
Bank statement balance at beginning of year		100	500
Bank statement balance at end of year		-	100
Call investment deposits consist of the following accounts:			
Investec	Account Number 1 100 458 195 450	35 000 000	-
Nedbank	Account Number 03/7881034971/000038	35 000 000	35 000 000
Standard Bank	Account Number 28 847 690 5 - 004	35 000 000	35 000 000
ABSA	Account Number 92 99946707	25 034 742	25 083 394
		130 034 742	95 083 394

25 PROPERTY RATES

Actual			
Rateable Land and Buildings		56 903 689	53 813 009
Residential, Commercial Property, State		56 903 689	53 813 009
Less: Rebates		(10 382 436)	(11 127 316)
Total Assessment Rates		46 521 253	42 685 693
Valuations			
Rateable Land and Buildings			
Residential		5 738 269 639	5 616 435 799
Agricultural		6 124 727 548	6 086 986 626
Government		289 685 700	289 685 700
Business & Commercial		1 478 874 446	1 460 004 946
Municipal		412 187 038	407 922 928
Exempt Properties		348 004 000	338 828 950
Total Assessment Rates		14 391 748 371	14 199 864 949
Valuations on land and buildings are performed every four years. The last valuation came into effect on 1 July 2014.			
Rates:			
Residential		0.0056c/R	0.0052c/R
Commercial, Industrial & Government		0.0081c/R	0.0075c/R
Public Benefit Organisations		0.0011c/R	0.0010c/R
Agricultural		0.0011c/R	0.0010c/R

Rates are levied annually and is payable by the 7th of October. Interest is levied at the prime rate on outstanding instalments. Rebates can be defined as any income that the Municipality is entitled by law to levy, but which has subsequently been forgone by way of rebate or remission.

26 GOVERNMENT GRANTS AND SUBSIDIES

Unconditional Grants		65 384 000	60 461 000
Equitable Share		65 384 000	60 461 000
Conditional Grants		58 933 685	76 110 568
Grants and donations		-	1 370 638
Subsidies		58 933 685	74 739 930
Total Government Grants and Subsidies		124 317 685	136 571 568
Balance previously reported			136 563 868
Correction of Error - Refer to Note 42.14			7 700
Restated balance			136 571 568

GOVERNMENT GRANTS AND SUBSIDIES (CONTINUE)

	2018 R	2017 R
Government Grants and Subsidies - Capital	24 144 506	24 502 697
Integrated National Electrification Programme Grant	877 200	1 111 106
Municipal Infrastructure Grant	14 877 128	18 406 213
Libraries	456 621	4 985 378
Acceleration of Housing	4 274 259	-
Fire Service Capacity Building Grant	659 298	-
Emergency Drought Relief	3 000 000	-
Government Grants and Subsidies - Operating	99 861 701	112 068 871
Equitable Share	65 384 000	60 461 000
Expanded Public Works Programme Integrated Grant	1 866 000	1 759 000
Local Government Financial Management Grant	1 550 000	1 475 000
Thusong Service Centre Operational Support Grant	-	94 995
Financial Assistance to Municipalities for Maintenance and Construction of Transport Infrastructure	-	99 877
Municipal Infrastructure Grant	2 091 725	2 576 787
Municipal Capacity Building Grant	-	172 429
Project Assistance-CWDM	9 000	173 770
Housing	19 276 934	37 281 370
Libraries, Archives and Museums	9 171 242	7 304 915
Western Cape Financial Management Capacity Building	60 000	60 000
Training	-	246 708
Integrated National Electrification Programme	122 800	143 020
Western Cape Financial Management Support Grant	330 000	220 000
	124 006 208	136 571 568
Balance previously reported		136 563 868
Correction of Error - Refer to Note 42.14		7 700
Restated balance		136 571 568
Revenue recognised per vote as required by Section 123 (c) of the MFMA		
Equitable share	65 384 000	60 461 000
Executive & Council	2 239 298	592 908
Budget & Treasury	1 881 193	1 482 700
Corporate Services	106 601	-
Planning & Development	1 866 000	1 759 000
Community & Social Services	9 271 256	12 657 588
Housing	19 239 627	37 248 369
Sport & Recreation	9 000	500 000
Waste Management	-	6 033 464
Waste Water Management	51 633	6 612 484
Road Transport	-	99 877
Water	22 298 302	7 870 052
Electricity	1 000 000	1 254 126
	124 006 208	136 571 568
The municipality does not expect any significant changes to the level of grants.		
26.1 Equitable share		
Opening balance	-	-
Grants received	65 384 000	60 461 000
Conditions met - Operating	(65 384 000)	(60 461 000)
Conditions still to be met	-	-
The Equitable Share is the unconditional share of the revenue raised nationally and is being allocated in terms of Section 214 of the Constitution (Act 108 of 1996) to the municipality by the National Treasury.		
26.2 Local Government Financial Management Grant (FMG)		
Opening balance	-	-
Grants received	1 550 000	1 475 000
Conditions met - Operating	(1 550 000)	(1 475 000)
Conditions met - Capital	-	-
Conditions still to be met	-	-

The Financial Management Grant is paid by National Treasury to municipalities to help implement the financial reforms required by the Municipal Finance Management Act (MFMA), 2003. The FMG also pays for the cost of the Financial Management Internship Programme (e.g. salary costs of the Financial Management Interns).

GOVERNMENT GRANTS AND SUBSIDIES (CONTINUE)

	2018 R	2017 R
26.3 Municipal Systems Improvement Grant		
Opening balance	-	-
Conditions met - Operating	-	-
Conditions met - Capital	-	-
Conditions still to be met	-	-
The MSIG was used for building in-house capacity to perform municipal functions and stabilise institutional and governance systems.		
26.4 Municipal Infrastructure Grant (MIG)		
Opening balance	-	-
Grants received	21 950 000	20 983 000
Transfer	-	-
Conditions met - Operating	(2 091 725)	(2 576 787)
Conditions met - Capital	(14 877 128)	(18 406 213)
Conditions to be met	4 981 146	-
The grant was used to upgrade infrastructure in previously disadvantaged areas.		
26.5 Housing Grants		
Opening balance	2 459 459	1 386 702
Grants received	25 518 704	38 354 126
Transfer	(30 083)	-
Conditions met - Operating	(19 276 934)	(37 281 369)
Conditions met - Capital	(51 633)	-
Conditions to be met	8 619 513	2 459 459
The grant was used for housing projects.		
26.6 Integrated National Electrification Grant		
Opening balance	-	33 126
Grants received	1 000 000	1 221 000
Transfer	-	-
Conditions met - Operating	(122 800)	(143 020)
Conditions met - Capital	(877 200)	(1 111 106)
Conditions to be met	-	0
The National Electrification Grant was used for electrical connections in previously disadvantaged areas.		
26.7 Other Grants		
Opening balance	615 737	6 813 953
Grants received	19 781 829	14 314 585
Repaid to National Revenue Fund	(297 571)	-
Transfer	(281 393)	(5 395 729)
Conditions met - Operating	(11 436 242)	(10 131 694)
Conditions met - Capital	(8 338 545)	(4 985 378)
Conditions to be met	43 815	615 737
Various grants were received from other spheres of government (e.g. Library fund and Skills Development Grant)		
26.8 Total Grants		
Opening balance	3 075 198	8 233 784
Grants received	135 184 533	136 808 711
Repaid to National Revenue Fund	(297 571)	-
Transfer	(311 477)	(5 395 730)
Conditions met - Operating	(99 861 701)	(112 068 870)
Conditions met - Capital	(24 144 506)	(24 502 697)
Conditions to be met	13 644 475	3 075 197
Balance previously reported		3 082 897
Correction of Error - Refer to Note 42.14		(7 700)
Restated balance		3 075 197
<u>Disclosed as follows:</u>		
Unspent Conditional Government Grants and Receipts	13 644 475	3 075 197
Unpaid Conditional Government Grants and Receipts	-	-
	13 644 475	3 075 197

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

		2018 R	2017 R
27	SERVICE CHARGES		
	Electricity	337 880 797	338 088 350
	Water	27 387 542	37 919 502
	Refuse removal	21 892 475	21 871 550
	Sewerage and Sanitation Charges	31 594 659	28 308 880
		<hr/>	<hr/>
		418 755 473	426 188 283
	Less: Rebates	(19 693 137)	(20 407 066)
	Total Service Charges	399 062 336	405 781 216
		<hr/>	<hr/>
	Revenue Forgone can be defined as any income that the Municipality is entitled by law to levy, but which has subsequently been forgone by way of rebate or remission.		
28	SALES OF GOODS AND RENDERING OF SERVICES		
	Application Fees for Land Usage	732 942	421 745
	Building Plan Approval	1 132 258	953 921
	Building Plan Clause Levy	69 351	50 511
	Cemetery and Burial	567 086	499 741
	Connection fees	4 046 222	2 919 116
	Development Charges	6 005 092	3 563 630
	Fire Services	84 066	150 887
	Photocopies and Faxes	88 936	71 764
	Re-connection fees	366 910	558 984
	Rendering of Services	2 958 012	3 971 701
	Valuation Services	155 703	136 370
		<hr/>	<hr/>
	Total Sales of Goods and Rendering of Services	16 206 578	13 298 370
		<hr/>	<hr/>
	Balance previously reported		13 308 310
	Correction of Error - Refer to Note		(9 941)
	Restated balance		13 298 370
			<hr/>
29	OPERATIONAL REVENUE		
	Commission	239 383	210 618
	Insurance Refund	1 315 543	2 248 390
	Staff Recoveries	60 584	104 558
		<hr/>	<hr/>
	Total Operational Revenue	1 615 510	2 563 566
		<hr/>	<hr/>
	Balance previously reported		2 468 738
	Correction of Error - Refer to Note		94 827
	Restated balance		2 563 566
			<hr/>
30	EMPLOYEE RELATED COSTS		
	Salaries and Wages	106 601 519	100 557 941
	Bonus	8 557 576	7 940 640
	Contributions for UIF, pensions and medical aids	25 007 355	23 010 101
	Group Life Insurance	240 570	263 621
	Housing Subsidy	1 710 228	1 685 317
	Leave Reserve Fund	6 359 160	3 716 772
	Long service awards	825 092	829 256
	Overtime	7 281 518	6 479 803
	Post Employment Health	2 264 694	2 434 406
	Travel, motor car, telephone, assistance and other allowances	10 195 857	10 606 235
	Workmans Compensation	924 204	1 323 270
		<hr/>	<hr/>
		169 967 773	158 847 362
	Less: Employee Costs allocated elsewhere	-	-
	Total Employee Related Costs	169 967 773	158 847 362
		<hr/>	<hr/>

KEY MANAGEMENT PERSONNEL

The Municipal Manager is appointed on a 5-year fixed term contract, the other 5 directors are appointed on a permanent basis. There are no post-employment or termination benefits payable to them at the end of the contract period.

	2018 R	2017 R
REMUNERATION OF KEY MANAGEMENT PERSONNEL		
Remuneration of the Municipal Manager: Mr SA Mokweni		
Annual Remuneration	1 457 529	1 351 335
Performance Bonuses	85 129	80 310
Car Allowance	108 000	108 000
Other Allowances	54 000	
Contributions to Medical and Pension Funds	262 355	243 240
Total	1 967 013	1 782 885
Remuneration of the Director Corporate Services: Mr AWJ Everson		
Annual Remuneration	1 099 969	1 024 561
Performance Bonuses	52 182	53 299
Payment in lieu of leave		-
Car Allowance	102 603	95 569
Other Allowances	41 017	-
Contributions to Medical and Pension Funds	197 994	184 421
Total	1 493 766	1 357 851
Remuneration of the Director Financial Services: Mr CF Hoffmann (1 July 2015 to 31 January 2016)		
Annual Remuneration	-	-
Performance Bonuses	-	26 650
Payment in lieu of leave	-	-
Contributions to Medical and Pension Funds	-	-
Total	-	26 650
Remuneration of the Director Financial Services: Mr B Brown		
Annual Remuneration	1 125 904	1 044 535
Performance Bonuses	52 182	12 327
Payment in lieu of leave	21 547	90 315
Car Allowance	72 000	72 000
Other Allowances	41 017	
Contributions to Medical and Pension Funds	202 663	188 016
Total	1 515 313	1 407 194
Remuneration of the Director Community Services: Mrs EC Liebenberg (01 July 2017 to 30 March 2018)		
Annual Remuneration	829 449	1 023 381
Performance Bonuses	52 182	20 546
Car Allowance	50 113	69 198
Other Allowances	29 831	12 696
Contributions to Medical and Pension Funds	170 863	211 973
Total	1 132 438	1 337 794
Remuneration of the Director Strategy and Social Development: Mrs CO Matthys		
Annual Remuneration	1 104 138	1 031 110
Performance Bonuses	52 268	61 637
Payment in lieu of leave		60 310
Car Allowance	100 000	90 000
Other Allowances	41 017	5 995
Contributions to Medical and Pension Funds	198 745	185 600
Total	1 496 169	1 434 652
Remuneration of the Director Engineering Services: Mr IAB van der Westhuizen		
Annual Remuneration	1 143 993	1 070 821
Performance Bonuses	52 268	61 637
Car Allowance	10 873	3 066
Other Allowances	41 017	5 995
Contributions to Medical and Pension Funds	248 017	232 823
Total	1 496 169	1 374 342

REMUNERATION OF COUNCILLORS

	2018 R	2017 R
Mayor	870 814	820 761
Deputy Mayor	705 529	663 107
Speaker	705 529	598 527
Mayoral Committee Members (4 councillors)	2 656 844	2 409 807
Councillors (16 councillors)	5 263 721	4 741 461
Total Councillors' Remuneration	10 202 437	9 233 663

In-kind Benefits

The Executive Mayor; Mayoral committee members and the Speaker are full-time Councillors. The full time councillors are provided with secretarial support and an office at the cost of the Council.

Remuneration of the Mayor: D Gagiano (1 July 2016 to 10 August 2016)

Allowance	-	61 262
Transport Allowance	-	13 934
Cell Phone Allowance	-	3 189
Pension Fund	-	11 946
Mobile Data Card	-	399
Other Allowances	-	-
Total	-	90 730

Remuneration of the Mayor: HM Jansen (11 August 2016 to 30 June 2017 and 01 July 2017 to 30 June 2018)

Allowance	681 286	582 515
Transport Allowance	52 070	45 000
Cell Phone Allowance	40 800	25 657
Pension Fund	51 096	40 292
Medical Aid	3 600	33 360
Mobile Data Card	41 962	3 207
Total	870 814	730 031

Remuneration of the Deputy Mayor: WZ Nyamana (26 January 2016 to 10 August 2016)

Allowance	-	69 721
Cell Phone Allowance	-	3 189
Mobile Data Card	-	400
Total	-	73 310

Remuneration of Member of Council: WZ Nyamana (11 August 2016 to 25 September 2016)

Allowance	-	27 305
Transport Allowance	-	1 245
Cell Phone Allowance	-	2 889
Pension Fund	-	2 556
Mobile Data Card	-	449
Other Allowances	-	-
Total	-	34 444

Remuneration of Member of Council and Section 79 Chair: WZ Nyamana (26 September 2016 to 30 June 2017 and 01 July 2017 to 30 June 2018)

Allowance	265 799	190 849
Transport Allowance	18 000	13 755
Cell Phone Allowance	40 800	17 423
Pension Fund	51 831	37 216
Mobile Data Card	3 600	2 751
Total	380 030	261 994

Remuneration of the Deputy Mayor: GD Joubert (11 August 2016 to 30 June 2017 and 01 July 2017 to 30 June 2018)

Allowance	598 260	510 371
Transport Allowance	18 000	15 001
Cell Phone Allowance	40 800	25 657
Pension Fund	44 869	35 561
Mobile Data Card	3 600	3 207
Total	705 529	589 797

REMUNERATION OF COUNCILLORS (CONTINUE)

	2018 R	2017 R
Remuneration of the Speaker: DA Hull (1 to 5 July 2016)		
Allowance	-	5 887
Transport Allowance	-	1 586
Cell Phone Allowance	-	395
Pension Fund	-	1 148
Mobile Data Card	-	49
Other Allowances	-	-
Total	-	9 065
Remuneration of Speaker: SW van Eeden (11 Aug 2016 to 30 June 2017 and 01 July 2017 to 30 June 2018)		
Allowance	472 543	397 504
Transport Allowance	96 440	85 724
Cell Phone Allowance	40 800	25 521
Pension Fund	92 146	77 513
Mobile Data Card	3 600	3 200
Total	705 529	589 462
Remuneration of Member of Mayoral Committee: SW van Eeden (1 July 2016 to 10 Aug 2016)		
Allowance	-	45 762
Transport Allowance	-	10 716
Cell Phone Allowance	-	2 661
Pension Fund	-	8 923
Mobile Data Card	-	400
Other Allowances	-	-
Total	-	68 462
Remuneration of Member of Mayoral Committee: NP Crouwcamp (1 July 2016 to 10 August 2016)		
Allowance	-	44 573
Transport Allowance	-	12 091
Cell Phone Allowance	-	2 525
Pension Fund	-	8 692
Mobile Data Card	-	398
Total	-	68 279
Remuneration of Member of Mayoral Committee: EMJ Scheffers		
Allowance	444 770	412 009
Transport Allowance	48 121	48 121
Cell Phone Allowance	40 800	22 800
Pension Fund	86 730	80 342
Medical Aid	3 600	49 824
Mobile Data Card	40 190	3 600
Other Allowances	-	-
Total	664 211	616 696
Remuneration of Member of Mayoral Committee: RR Kortje (1 to 5 July 2016)		
Allowance	-	5 873
Transport Allowance	-	1 066
Cell Phone Allowance	-	312
Pension Fund	-	1 145
Mobile Data Card	-	49
Other Allowances	-	-
Total	-	8 445
Remuneration of Member of Mayoral Committee: SW Strauss (11 August 2016 to 30 June 2017 and 01 July 2017 to 30 June 2018)		
Allowance	554 243	504 705
Transport Allowance	24 000	8 000
Cell Phone Allowance	40 800	20 312
Pension Fund	41 568	13 170
Mobile Data Card	3 600	3 207
Total	664 211	549 394

REMUNERATION OF COUNCILLORS (CONTINUE)

	2018 R	2017 R
Remuneration of Member of Council: J Kriel (11 August 2016 to 25 September 2016)		
Allowance	-	25 586
Transport Allowance	-	5 451
Cell Phone Allowance	-	2 844
Pension Fund	-	-
Mobile Data Card	-	449
Other Allowances	-	-
Total	-	34 330
Remuneration of Member of Council and Section 79 Chair: J Kriel (26 September 2016 to 30 June 2017 and 01 July 2017 to 30 June 2018)		
Allowance	291 923	238 654
Transport Allowance	43 707	38 255
Cell Phone Allowance	40 800	19 956
Mobile Data Card	3 600	3 151
Total	380 030	300 016
Remuneration of Member of Council: TS De Koker (1 September 2015 to June 2016 and 1 July 2016 to 10 August 2016)		
Allowance	-	22 956
Transport Allowance	-	182
Cell Phone Allowance	-	2 230
Pension Fund	-	4 476
Mobile Data Card	-	399
Total	-	30 243
Remuneration of Member of Council and Section 79 Chair: E Turner (1 July 2016 to 10 August 2016)		
Allowance	-	30 221
Transport Allowance	-	4 836
Cell Phone Allowance	-	2 525
Pension Fund	-	-
Mobile Data Card	-	399
Other Allowances	-	-
Total	-	37 981
Remuneration of Member of Council and Section 79 Chair: JDF Van Zyl (1 July 2016 to 10 August 2016)		
Allowance	-	26 023
Transport Allowance	-	3 977
Cell Phone Allowance	-	2 533
Pension Fund	-	5 075
Mobile Data Card	-	400
Other Allowances	-	-
Total	-	38 008
Remuneration of Member of Council: JDF Van Zyl (11 August 2016 to 30 June 2017 and 01 July 2017 to 30 June 2018)		
Allowance	188 898	157 247
Transport Allowance	35 796	31 818
Cell Phone Allowance	40 800	20 267
Pension Fund	36 835	30 663
Mobile Data Card	-	3 200
Other Allowances	3 600	-
Total	305 929	243 195
Remuneration of Member of Council: NJ Mgoqi (1 July 2016 to 10 August 2016)		
Allowance	-	19 335
Transport Allowance	-	4 608
Cell Phone Allowance	-	2 525
Pension Fund	-	3 373
Mobile Data Card	-	399
Other Allowances	-	-
Total	-	30 240

REMUNERATION OF COUNCILLORS (CONTINUE)

	2018 R	2017 R
Remuneration of Member of Mayoral Committee: DB Janse (11 August 2016 to 30 June 2017 and 01 July 2017 to 30 June 2018)		
Allowance	483 443	408 681
Transport Allowance	42 096	37 419
Cell Phone Allowance	40 800	20 267
Pension Fund	94 271	79 692
Mobile Data Card	3 600	3 200
Other Allowances	-	-
Total	664 211	549 259
Remuneration of Member of Council and Section 79 Chair: DB Janse (1 July 2016 to 10 August 2016)		
Allowance	-	25 439
Transport Allowance	-	4 677
Cell Phone Allowance	-	2 533
Pension Fund	-	4 961
Mobile Data Card	-	400
Other Allowances	-	-
Total	-	38 010
Remuneration of Member of Council: R Johnson (1 July 2016 to 10 August 2016)		
Allowance	-	19 335
Transport Allowance	-	4 608
Cell Phone Allowance	-	2 525
Pension Fund	-	3 373
Mobile Data Card	-	399
Other Allowances	-	-
Total	-	30 240
Remuneration of Member of Council: EJ Vollenhoven (1 July 2016 to 10 August 2016)		
Allowance	-	19 911
Transport Allowance	-	3 921
Cell Phone Allowance	-	2 525
Pension Fund	-	3 485
Mobile Data Card	-	399
Other Allowances	-	-
Total	-	30 241
Remuneration of Member of Council and Section 79 Chair: CJ Grootboom (1 July 2016 to 10 August 2016)		
Allowance	-	27 792
Transport Allowance	-	1 856
Cell Phone Allowance	-	2 533
Pension Fund	-	5 420
Mobile Data Card	-	400
Other Allowances	-	-
Total	-	38 001
Remuneration of Member of Council: CJ Grootboom (11 August 2016 to 30 June 2017 and 01 July 2017 to 30 June 2018)		
Allowance	204 873	171 478
Transport Allowance	16 706	14 850
Cell Phone Allowance	40 800	20 267
Pension Fund	39 950	33 438
Mobile Data Card	-	3 200
Other Allowances	3 600	-
Total	305 929	243 233
Remuneration of Member of Council: CB Swanepoel (1 July 2016 to 10 August 2016)		
Allowance	-	23 194
Transport Allowance	-	-
Cell Phone Allowance	-	2 525
Pension Fund	-	4 126
Mobile Data Card	-	398
Other Allowances	-	-
Total	-	30 243

REMUNERATION OF COUNCILLORS (CONTINUE)

	2018 R	2017 R
Remuneration of Member of Council: WS Nyamana (1 July 2016 to 10 August 2016)		
Allowance	-	19 300
Transport Allowance	-	4 466
Cell Phone Allowance	-	2 525
Pension Fund	-	3 367
Mobile Data Card	-	398
Other Allowances	-	184
Total	-	30 240
Remuneration of Member of Council and Section 79 Chair: JD Burger (1 July 2016 to 10 August 2016)		
Allowance	-	26 032
Transport Allowance	-	3 967
Cell Phone Allowance	-	2 533
Pension Fund	-	5 076
Mobile Data Card	-	400
Other Allowances	-	-
Total	-	38 008
Remuneration of Member of Mayoral Committee: JD Burger (11 August to 30 June 2017 and 01 July 2017 to 30 June 2018)		
Allowance	488 796	413 449
Transport Allowance	35 700	31 734
Cell Phone Allowance	40 800	20 267
Pension Fund	95 315	80 622
Mobile Data Card	3 600	3 200
Other Allowances	-	-
Total	664 211	549 272
Remuneration of Member of Council: HC De Koker (1 July 2016 to 10 August 2016)		
Allowance	-	19 144
Transport Allowance	-	4 836
Cell Phone Allowance	-	2 525
Pension Fund	-	3 336
Mobile Data Card	-	399
Other Allowances	-	-
Total	-	30 240
Remuneration of Member of Council: JP Goodwin (1 July 2016 to 10 August 2016)		
Allowance	-	20 414
Transport Allowance	-	3 320
Cell Phone Allowance	-	2 525
Pension Fund	-	3 584
Mobile Data Card	-	398
Total	-	30 241
Remuneration of Member of Council: AJ Shibili		
Allowance	208 811	198 096
Transport Allowance	12 000	10 000
Cell Phone Allowance	40 800	22 800
Pension Fund	40 718	38 629
Mobile Data Card	3 600	3 600
Other Allowances	-	-
Total	305 929	273 125
Remuneration of Member of Council: B Fanele (22 July 2015 to 30 June 2016 and 1 July 2016 to 10 August 2016)		
Allowance	-	23 194
Transport Allowance	-	-
Cell Phone Allowance	-	2 525
Pension Fund	-	4 126
Mobile Data Card	-	398
Other Allowances	-	-
Total	-	30 243

REMUNERATION OF COUNCILLORS (CONTINUE)

	2018 R	2017 R
Remuneration of Member of Council: P Hess (11 August 2016 to 25 September 2016)		
Allowance	-	27 649
Transport Allowance	-	833
Cell Phone Allowance	-	2 895
Pension Fund	-	2 623
Mobile Data Card	-	457
Total	-	34 457
Remuneration of Member of Council and Section 79 Chair: P Hess (26 September 2016 to 30 June 2017 and 01 July 2017 to 30 June 2018)		
Allowance	270 820	194 587
Transport Allowance	12 000	9 167
Cell Phone Allowance	40 800	17 417
Pension Fund	52 810	38 060
Mobile Data Card	3 600	2 750
Total	380 030	261 981
Remuneration of Member of Council: SJ Malgas (11 August 2016 to 25 September 2016)		
Allowance	-	27 649
Transport Allowance	-	833
Cell Phone Allowance	-	2 895
Pension Fund	-	2 623
Mobile Data Card	-	457
Total	-	34 457
Remuneration of Member of Council and Section 79 Chair: SJ Malgas (26 September 2016 to 30 June 2017 and 01 July 2017 to 31 December 2017)		
Allowance	122 772	194 587
Transport Allowance	2 000	9 167
Cell Phone Allowance	18 118	17 417
Pension Fund	23 940	38 060
Mobile Data Card	1 599	2 750
Other Allowances	-	-
Total	168 429	261 981
Remuneration of Member of Council: NJ Beginsel (11 August 2016 to 25 September 2016)		
Allowance	-	31 094
Cell Phone Allowance	-	2 895
Mobile Data Card	-	457
Total	-	34 446
Remuneration of Member of Council and Section 79 Chair: NJ Beginsel (26 September 2016 to 30 June 2017 and 01 July 2017 to 30 June 2018)		
Allowance	335 630	241 812
Cell Phone Allowance	40 800	17 416
Mobile Data Card	3 600	2 750
Total	380 030	261 978
Remuneration of Member of Council: LM Swanepoel (11 August 2016 to 25 September 2016)		
Allowance	-	31 094
Cell Phone Allowance	-	2 895
Mobile Data Card	-	457
Total	-	34 446
Remuneration of Member of Council and Section 79: LM Swanepoel (26 September 2016 to 30 June 2017 and 01 July 2017 to 30 June 2018)		
Allowance	312 214	234 448
Cell Phone Allowance	40 800	17 416
Pension Fund	23 416	7 364
Mobile Data Card	3 600	2 750
Total	380 030	261 978
Remuneration of Member of Council: AS Mbi (11 August 2016 to 30 June 2017 and 01 July 2017 to 30 June 2018)		
Allowance	193 542	165 303
Transport Allowance	5 280	5 500
Cell Phone Allowance	40 800	20 311
Pension Fund	37 741	29 466
Medical Aid	24 966	19 530
Mobile Data Card	3 600	3 207
Total	305 929	243 317

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REMUNERATION OF COUNCILLORS (CONTINUE)

	2018 R	2017 R
Remuneration of Member of Council: JS Maflika (11 August 2016 to 30 June 2017 and 01 July 2017 to 30 June 2018)		
Allowance	219 204	189 749
Cell Phone Allowance	40 800	20 312
Pension Fund	39 457	27 899
Mobile Data Card	3 600	3 207
Other Allowances	2 868	2 151
Total	305 929	243 318
Remuneration of Member of Council: TM van der Merwe (11 August 2016 to 30 June 2017 and 01 July 2017 to 30 June 2018)		
Allowance	261 529	219 799
Cell Phone Allowance	40 800	20 312
Mobile Data Card	3 600	3 207
Total	305 929	243 318
Remuneration of Member of Council: E Bosjan (11 August 2016 to 30 June 2017 and 01 July 2017 to 30 June 2018)		
Allowance	203 790	173 697
Transport Allowance	18 000	15 000
Cell Phone Allowance	40 800	20 311
Pension Fund	39 739	31 103
Mobile Data Card	3 600	3 207
Total	305 929	243 318
Remuneration of Member of Council: BH Nteta (11 August 2016 to 30 June 2017 and 01 July 2017 to 30 June 2018)		
Allowance	218 853	189 604
Cell Phone Allowance	40 800	20 312
Pension Fund	42 676	30 195
Mobile Data Card	3 600	3 207
Total	305 929	243 318
Remuneration of Member of Council: JJJS Januarie (11 August 2016 to 30 June 2017 and 01 July 2017 to 30 June 2018)		
Allowance	208 811	177 881
Transport Allowance	12 000	10 000
Cell Phone Allowance	40 800	20 312
Pension Fund	40 718	31 918
Mobile Data Card	3 600	3 207
Total	305 929	243 318
Remuneration of Member of Council: S du Plessis (11 August 2016 to 30 June 2017 and 01 July 2017 to 30 June 2018)		
Allowance	234 911	198 478
Transport Allowance	9 000	7 500
Cell Phone Allowance	40 800	20 312
Pension Fund	17 618	13 821
Mobile Data Card	3 600	3 207
Total	305 929	243 318
Remuneration of Member of Council: H Mangenengene (22 January 2018 to 30 June 2018)		
Allowance	108 533	-
Cell Phone Allowance	18 118	-
Pension Fund	7 603	-
Mobile Data Card	1 599	-
Total	135 852	-

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BAD DEBTS WRITTEN OFF

Trade Receivables from exchange transactions - Note 21	1 474 570	6 449 943
Trade Receivables from non-exchange transactions - Note 22	7 625 446	16 832 172
	9 100 016	23 282 115
Balance previously reported		22 244 965
Correction of Error - Refer to Note 42.18		1 037 150
Restated balance		23 282 115

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REVERSAL OF IMPAIRMENT LOSS/(IMPAIRMENT LOSS) ON RECEIVABLES

Long term Receivables - Note 19	(22 504)	(2 320 333)
Trade Receivables from exchange transactions - Note 21	3 005 584	(344 898)
Trade Receivables from non-exchange transactions - Note 22	(2 623 322)	(6 771 220)
Total Contribution to Debt Impairment	359 758	(9 436 451)
Less: portion Relating to VAT - Note 12	(654 558)	281 486
Total Debt Impairment	(294 800)	(9 154 965)
Balance previously reported		(9 395 800)
Correction of Error - Refer to Note 42.19		240 835
		(9 154 965)

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

		2018 R	2017 R
34	DEPRECIATION AND AMORTISATION		
	Property Plant and Equipment	24 790 520	22 871 616
	Capitalised Restoration Cost	439 792	3 427 522
	Investment Property	49 582	49 582
	Intangible Assets	265 663	54 182
		<u>25 545 556</u>	<u>26 402 903</u>
	Balance previously reported		26 440 858
	Correction of Error - Refer to Note 42.9		(37 955)
	Restated balance		<u>26 402 903</u>
35	REVERSAL OF IMPAIRMENT LOSS/(IMPAIRMENT LOSS) ON FIXED ASSETS		
	Property, Plant and Equipment - Note 13	(67 460)	(283 314)
	Total Impairments	<u>(67 460)</u>	<u>(283 314)</u>
36	FINANCE CHARGES		
	Landfill site	3 566 702	3 615 817
	Long service awards	769 111	756 268
	Long-term Liabilities	2 255 686	2 857 697
	Post Employment Health	4 936 165	4 909 148
	Total finance charges	<u>11 527 664</u>	<u>12 138 930</u>
37	BULK PURCHASES		
	Electricity	263 452 157	267 478 328
	Water	2 743 260	3 257 419
	Total Bulk Purchases	<u>266 195 417</u>	<u>270 735 747</u>
38	CONTRACTED SERVICES		
	Outsourced Services	4 079 471	9 898 081
	Business and Advisory	1 702 757	6 388 992
	Cleaning Services	1 053 378	-
	Clearing and Grass Cutting Services	725 853	-
	Security Services	279 488	84 168
	Other outsourced services	317 995	3 424 921
	Consultants and Professional Services	7 320 421	495 384
	Business and Advisory	5 446 055	-
	Legal Cost	962 727	-
	Other consultants and professional services	911 639	495 384
	Contractors	12 720 047	7 783 453
	Maintenance of assets	7 644 808	6 733 847
	Restoration and preservation of assets	915 248	851 084
	Sewerage services	472 264	-
	Other contractors	3 687 727	198 522
	Total Contracted Services	<u>24 119 939</u>	<u>18 176 918</u>
	Balance previously reported		18 738 930
	Correction of Error - Refer to Note 42.13		(562 012)
	Restated balance		<u>18 176 918</u>

Other outsourced services consists of services related to burials, production of drivers licence cards, fire services, sewerage services, traffic fine management and the removal of structures and illegal signs.

Other consultants and professional services consists of services related to infrastructure and planning, laboratory services and other professional services.

Other contractors consist of services related to catering services, electrical services, employee wellness and other incidental services provided.

2018 R	2017 R
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GRANTS AND SUBSIDIES

Destitute Grants	156 174	132 500
Operational		
Monetary Allocations	1 663 369	1 374 378
Departmental Agencies and Accounts	200 000	494 833
Households	221 390	668 228
Non-profit Institutions	914 478	156 317
Private Enterprises	327 500	55 000
Total Grants and Subsidies	1 819 542	1 506 878

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OPERATIONAL COSTS

Advertising, Publicity and Marketing	1 321 511	1 049 078
Audit Fees	3 427 152	2 856 546
Bank Charges, Facility and Card Fees	932 752	877 793
Bursaries (Employees)	95 344	118 970
Cleaning Services	7 809	1 360
Commission	3 197 273	2 586 398
Cost relating to the Sale of Houses	81 575	8 451
Courier and Delivery Services	6 815	5 231
Communication	1 905 058	2 563 898
Contribution to Provision	476 254	48 409
Copy Right Fees	37 280	-
Eskom Connection Fees	66 991	-
Entertainment	44 557	188 397
External Computer Service	2 563 597	3 357 109
Full Time Union Representative	151 068	114 269
Hire Charges	987 293	1 111 835
Insurance Underwriting	3 239 533	2 500 940
Licences	594 914	895 726
Loss on Cancelled Operating Lease Contracts	3 530	-
Printing, Publications and Books	860 195	851 717
Professional Bodies, Membership and Subscription	1 916 496	1 690 382
Registration Fees	893 254	1 011 314
Remuneration to Ward Committees	656 500	489 255
Resettlement Cost	3 950	5 700
Servitudes and Land Surveys	93 240	-
Skills Development Fund Levy	1 461 214	1 339 174
System Access and Information Fees	96 515	618
Transport Provided as Part of Departmental Activities	130 792	125 066
Travel and Subsistence	474 031	537 496
Uniform and Protective Clothing	871 591	955 357
Vehicle Tracking	150 057	131 550
Wet Fuel	7 017 022	6 425 499
Total Operational Costs	33 765 165	31 847 536

Balance previously reported**31 866 480**

Correction of Error - Refer to Note 42.11

(18 944)

Restated balance**31 847 536**

RECLASSIFICATION OF ITEMS IN THE FINANCIAL STATEMENTS AS A RESULT OF THE IMPLEMENTATION OF mSCOA

The Municipal Regulations on Standard Chart of Accounts (mSCOA) came into effect on 1 July 2017. The municipality has realigned items in the financial statements with the Item Segment of mSCOA. The result of this process was a reclassification and naming of items in the financial statements. The reclassification of 2017 audited amounts can be summarised as follows:

	Balance previously reported	Adjustments	Restated Balance
STATEMENT OF FINANCIAL POSITION			
Capital Replacement Reserve	31 353 026	-	31 353 026
Accumulated Surplus/(Deficit)	599 130 505	-	599 130 506
Long-term Liabilities	17 926 458	(17 926 458)	-
Long-term Borrowings	-	17 926 458	17 926 458
Non-current Provisions	53 761 980	-	53 761 980
Non-current Employee Benefits	58 865 226	-	58 865 226
Consumer Deposits	9 968 278	-	9 968 278
Provisions	5 547 638	-	5 547 638
Current Employee Benefits	14 576 647	-	14 576 647
Payables from exchange transactions	70 992 637	(70 992 637)	-
Trade and Other Payables from Exchange Transactions	-	70 992 637	70 992 637
Unspent Conditional Government Grants and Receipts	3 082 897	(3 082 897)	-
Unspent Conditional Public Contributions and Receipts	684 330	(684 330)	-
Unspent Transfers and Subsidies	-	3 082 897	3 082 897
Unspent Public Contributions	-	684 330	684 330
Current Portion of Long-term Liabilities	5 056 160	(5 056 160)	-
Current Portion of Long-term Borrowings	-	5 056 160	5 056 160
Property, Plant and Equipment	612 891 492	-	612 891 492
Investment Property	26 971 067	-	26 971 067
Intangible Assets	209 437	-	209 437
Heritage Assets	260 000	-	260 000
Capitalised Restoration cost	4 547 326	-	4 547 326
Non-Current Investments	122 821	-	122 821
Long-term Receivables	634 415	(634 415)	-
Non-Current Receivables	-	634 415	634 415
Inventory	52 547 337	-	52 547 337
Receivables from exchange transactions	47 760 198	-	47 760 198
Receivables from non-exchange transactions	7 323 898	-	7 323 898
Operating Lease Asset	108 437	-	108 437
Taxes	1 809 247	-	1 809 247
Current Portion of Long-term Receivables	655 465	(655 465)	-
Current Portion of Non-Current Receivables	-	655 465	655 465
Cash and Cash Equivalents	115 104 639	-	115 104 639
		-	

STATEMENT OF FINANCIAL PERFORMANCE**REVENUE****Revenue from Non-exchange Transactions****Taxation Revenue**

Property rates
Surcharges and Taxes

Transfer Revenue

Government Grants and Subsidies - Capital
Government Grants and Subsidies - Operating
Public Contributions and Donations
Contributed Property, Plant and Equipment

Other Revenue

Interest Earned - Non-exchange Transactions
Third Party Payments
Gain on Foreign Exchange transaction
Actuarial Gains
Availability fees
Fair Value Adjustments
Fines
Income due to Change in Discount rate
Impairment Reversal
Stock Adjustments

	205 691 344	(9 011 974)	196 679 370
Taxation Revenue	42 685 693	-	42 685 693
Property rates	42 685 693	-	42 685 693
Surcharges and Taxes	-	-	-
Transfer Revenue	136 563 867	-	136 563 867
Government Grants and Subsidies - Capital	24 502 697	-	24 502 697
Government Grants and Subsidies - Operating	112 061 170	-	112 061 170
Public Contributions and Donations	-	-	-
Contributed Property, Plant and Equipment	-	-	-
Other Revenue	26 441 784	(9 011 974)	17 429 809
Interest Earned - Non-exchange Transactions	-	388 891	388 891
Third Party Payments	-	-	-
Gain on Foreign Exchange transaction	-	-	-
Actuarial Gains	5 177 099	-	5 177 099
Availability fees	2 349 311	-	2 349 311
Fair Value Adjustments	1 918	(1 918)	-
Fines	9 514 508	-	9 514 508
Income due to Change in Discount rate	-	-	-
Impairment Reversal	9 395 800	(9 395 800)	-
Stock Adjustments	3 147	(3 147)	-

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RECLASSIFICATION OF ITEMS IN THE FINANCIAL STATEMENTS AS A RESULT OF THE IMPLEMENTATION OF mSCOA (CONTINUE)

	Balance previously reported	Adjustments	Restated Balance
Revenue from Exchange Transactions	440 400 517	(389 215)	440 011 302
Service Charges	405 781 216	-	405 781 216
Rent on Land	-	-	-
Rental from Fixed Assets	2 713 779	-	2 713 779
Interest Earned - external investments	5 930 563	2 956 374	8 886 937
Interest Earned - outstanding debtors	2 167 653	(2 167 653)	-
Interest Earned - Exchange Transactions	-	1 778 762	1 778 762
Licences and Permits	1 502 807	-	1 502 807
Agency Services	3 498 222	-	3 498 222
Other Income	18 733 747	(18 733 747)	-
Sales of Goods and Rendering of Services	-	13 308 310	13 308 310
Operational Revenue	-	2 468 738	2 468 738
Unamortised Discount - Interest	72 531	-	72 531
Gain on disposal of Property, Plant and Equipment	-	-	-
Total Revenue	646 091 861	(9 401 189)	636 690 672
EXPENDITURE			
Employee related costs	158 473 575	373 788	158 847 362
Remuneration of Councillors	9 233 663	-	9 233 663
Bad Debts Written Off	22 244 965	-	22 244 965
Depreciation and Amortisation	26 440 858	-	26 440 858
Collection costs	2 586 398	(2 586 398)	-
Impairments	283 314	(283 314)	-
Material	9 434 546	(9 434 546)	-
Inventory Consumed	-	17 667 103	17 667 103
Unamortised Discount - Interest paid	92 495	-	92 495
Finance Charges	11 925 367	213 563	12 138 930
Bulk Purchases	270 735 747	-	270 735 747
Contracted services	7 776 106	10 962 824	18 738 930
Grants and Subsidies	132 500	1 374 378	1 506 878
Stock Adjustments	4 243	(4 243)	-
General Expenses	50 437 516	(50 437 516)	-
Operational Costs	-	31 866 480	31 866 480
Total Expenditure	569 801 292	(287 881)	569 513 412
Operating Surplus/(Deficit) for the Year	76 290 569	(9 113 309)	67 177 260
Inventories: (Write-down)/Reversal of Write-down to Net Realisable Value	-	(1 096)	(1 096)
Reversal of Impairment Loss/(Impairment Loss) on Receivables	-	9 395 800	9 395 800
Gains/(Loss) on disposal of Property, Plant and Equipment	311 679	-	311 679
Gains/(Loss) on Sale of Fixed Assets	-	-	-
Reversal of Impairment Loss/(Impairment Loss) on Fixed Assets	-	(283 314)	(283 314)
Profit/(Loss) on Fair Value Adjustments	-	1 918	1 918
Water Losses	-	-	-
NET SURPLUS/(DEFICIT) FOR THE YEAR	76 602 247	-	76 602 247

2017
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CORRECTION OF ERROR IN TERMS OF GRAP 3

42.1

NET ASSETS (ACCUMULATED SURPLUS/(DEFICIT))

Balance previously reported	518 636 107
Correction to Payables from Exchange Transactions in periods before 1 July 2016 - JI 23643	(1 998 079)
Unidentified Deposits older than 36 months not written-off in periods before 1 July 2016 - JI 24860	564 382
Derecognition of Capital Under Construction in periods before 1 July 2016 - JI14910	(116 683)
Operating lease contracts omitted in periods before 1 July 2016	(12 614)
Recognition of Provincial traffic fine debtor not recognised (2015/2016) - JI 24866 (COMAF 25)	997 750
Recognition of Impairment of Provincial traffic fine debtor not recognised (2015/2016) - JI 24866 (COMAF 25)	(997 750)
Restated Balance as at 01 July 2016	517 073 114

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CORRECTION OF ERROR IN TERMS OF GRAP 3 (CONTINUE)

	2017 R
42.2 TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS	
Balance previously reported	70 992 637
Accrual for Compensation Commissioner raised incorrectly in periods before 1 July 2016 - JI 23643	1 998 079
Correction of Housing expenditure not recognised during the 2016/17 - JI 16983	(562 012)
Correction of proceeds on sale of assets not accounted for in 2016/17 - JI 19960	(52 632)
Unidentified Deposits older than 36 months not written-off in periods before 1 July 2016 - JI 24860	(564 382)
Unidentified Deposits older than 36 months not written-off in 2016/2017 - JI 24860	(20 257)
Restated Balance as at 30 June 2017	71 791 433
Correction of error - Refer to note 9	
Trade and Other Payables recognised in correctly in prior years.	
42.3 UNSPENT TRANSFERS AND SUBSIDIES	
Balance previously reported	3 082 897
Recognition of Grant revenue against Unspent Grants not recognised in 2016/17	(7 700)
Restated Balance as at 30 June 2017	3 075 197
Correction of error - Refer to note 10	
Grant revenue not recognised in prior year.	
42.4 PROPERTY, PLANT AND EQUIPMENT	
Balance previously reported	612 891 492
Derecognition: Asset stolen in 2016/17 - JI19967	(3 933)
Correction of depreciation on stolen asset in 2016/17 - JI19966	75
Derecognition of Capital Under Construction in periods before 1 July 2016 - JI14910	(116 683)
Recognition of Furniture and Office Equipment recognised as Operational Cost in 2016/17 - JI19976	14 141
Recognition of Cost on Computer Equipment recognised as operational cost in 2016/17 - JI14902	3 224
Recognition of Acc. Decpr on Computer Equipment not recognised in 2016/17 - JI14902	(252)
Correction of Depr on Finance Lease assets (Tablets) - Calculated over 24 months instead of 60 months (2016/2017) - JI 14911 (COMAF 5)	38 132
Restated Balance as at 30 June 2017	612 826 197
Correction of error - Refer to note 13	
Correction of Property, Plant and Equipment in prior years.	
42.5 INVESTMENT PROPERTY	
Balance previously reported	26 971 067
Correction of sale of assets not accounted for 2016/17 - JI 19960	(20 000)
Restated Balance as at 30 June 2017	26 951 067
Correction of error - Refer to note 14	
Sale of Investment Property not recorded in prior year.	
42.6 INVENTORY	
Balance previously reported	52 547 337
Compost Inventory included under Operational Cost in 2016/2017 - JI 22527	9 540
Restated Balance as at 30 June 2017	52 556 877
Correction of error - Refer to note 20	
Inventory recognised as an expenditure in prior year.	
42.7 RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS	
Balance previously reported	7 323 898
Correct Staff Recoveries not recognised in previous year 2016/17 - JI 23633	84 301
Correct Staff Recoveries monies recouped not recognised in previous year 2016/17 - JI 23634	(20 157)
Recognition of Provincial traffic fine debtor not recognised (2016/2017) - JI 24867 (COMAF 25)	240 835
Recognition of Impairment of Provincial traffic fine debtor not recognised (2016/2017) - JI 24867 (COMAF 25)	(240 835)
Restated Balance as at 30 June 2017	7 388 042
Correction of error - Refer to note 22	
Staff Recoveries recognised incorrectly in prior years.	
42.8 OPERATING LEASE ASSET	
Balance previously reported	108 437
Operating lease contracts omitted in periods before 1 July 2016	(12 614)
Restated Balance as at 30 June 2017	95 823
Correction of error - Refer to note 23	
Operating lease contracts omitted in prior years.	

42	CORRECTION OF ERROR IN TERMS OF GRAP 3 CONTINUES (CONTINUE)	2017 R
42.9	DEPRECIATION AND AMORTISATION	
	Balance previously reported	26 440 858
	Recognition of Acc. Decpr on Computer Equipment not recognised - JI14902	252
	Correction of depreciation on stolen asset - JI19966	(75)
	Correction of Depr on Finance Lease assets (Tablets) - Calculated over 24 months instead of 60 months (2016/2017) - JI 14911 (COMAF 5)	(38 132)
	Restated Balance as at 30 June 2016	26 402 903
	Correction of error - Refer to note 34	
	Depreciation recognised incorrectly in prior years	
42.10	GAINS/(LOSS) ON DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT	
	Balance previously reported	311 679
	Correction of sale of assets not accounted for in 2016/17 - JI 19960	(20 000)
	Correction of sale of assets not accounted for in 2016/17 - JI 19960	52 632
	Derecognition: Asset stolen in 2016/17 - JI19967	(3 933)
	Restated Balance as at 30 June 2017	340 377
	Sale of assets recognised incorrectly in prior year.	
42.11	OPERATIONAL COST	
	Balance previously reported	31 866 480
	Correct of expense incorrectly classified as Inventory consumed in 2016/17 - JI22418	7 961
	Compost Inventory included in Operational Cost in 2016/17 - JI 22527	(9 540)
	Recognition of Furniture and Office Equipment recognised as Operational Cost in 2016/17 - JI19976	(14 141)
	Recognition of Cost on Computer Equipment recognised as Operational Cost in 2016/17 - JI14902	(3 224)
	Restated Balance as at 30 June 2017	31 847 536
	Correction of error - Refer to note 40	
	Expenditure recognised incorrectly in prior years.	
42.12	INVENTORY CONSUMED	
	Balance previously reported	17 667 103
	Correct of expense incorrectly classified as Inventory consumed in 2016/17 - JI22418	(7 961)
	Staff recoveries not recognised in 2016/17 - JI 23634	486
	Restated Balance as at 30 June 2017	17 659 629
	Expenditure recognised incorrectly in prior years.	
42.13	CONTRACTED SERVICES	
	Balance previously reported	18 738 930
	Correction of Housing expenditure not recognised in 2016/17 - JI 16983	(562 012)
	Restated Balance as at 30 June 2017	18 176 918
	Expenditure recognised incorrectly in prior years.	
42.14	GOVERNMENT GRANTS AND SUBSIDIES	
	Balance previously reported	136 563 868
	Recognition of Grant revenue against Unspent Grants not recognised in 2016/17	7 700
	Restated Balance as at 30 June 2017	136 571 568
	Correction of Error Refer to Note 26	
	Grant revenue recognised incorrectly in prior year.	
42.15	OPERATIONAL REVENUE	
	Balance previously reported	2 468 738
	Correct Staff Recoveries not recognised in 2016/17 - JI 23633	84 301
	Unidentified Deposits older than 36 months not written-off in 2016/2017 - JI 24860	20 257
	Correct Staff Recoveries recouped in 2016/17 - JI 23634	(9 731)
	Restated Balance as at 30 June 2016	2 563 566
	Correction of Error Refer to Note 29	
	Correction of Operational Revenue in prior year.	
42.16	SALES OF GOODS AND RENDERING OF SERVICES	
	Balance previously reported	13 308 310
	Correct Staff Recoveries monies recouped not recognised in previous year (2016/17) - JI 23634	(9 941)
	Restated Balance as at 30 June 2016	13 298 370
	Correction of Error Refer to Note 28	
	Correction of Staff Recoveries in prior year.	

42.17 FINES

Balance previously reported	9 514 508
Recognition of Provincial traffic fines not recognised in previous year (2016/2017) - JI 24867 (COMAF 25)	1 277 985
Restated Balance as at 30 June 2017	10 792 493
Revenue not recognised in prior years.	

42.18 BAD DEBTS WRITTEN OFF

Balance previously reported	22 244 965
Recognition of Provincial traffic fines bad debts written off not recognised in previous year (2016/2017) - JI 24867 (COMAF 25)	1 037 150
Restated Balance as at 30 June 2017	23 282 115
Bad debts relating to Provincial traffic fines not recognised in prior year	

42.19 REVERSAL OF IMPAIRMENT LOSS/(IMPAIRMENT LOSS) ON RECEIVABLES

Balance previously reported	(9 395 800)
Recognition of Provincial traffic fines Impairment loss not recognised in previous year (2016/2017) - JI 24867 (COMAF 25)	240 835
Restated Balance as at 30 June 2017	(9 154 965)
Impairment loss on provincial traffic fines not recognised in prior year	

	2018 R	2017 R
43 RECONCILIATION BETWEEN NET SURPLUS/(DEFICIT) FOR THE YEAR AND CASH GENERATED/(ABSORBED) BY OPERATIONS		
Surplus/(Deficit) for the year	11 341 382	77 349 918
Adjustments for:		
Depreciation/Amortisation	25 545 559	26 402 549
(Gains)/Loss on disposal of property, plant and equipment	(7 945 336)	(340 377)
Contributed Assets	(40 439)	-
Fair Value Adjustments	(3 821)	(1 918)
Impairment Loss	67 460	283 314
Inventory Write-off	304 545	-
Government Grants and Subsidies received	135 184 533	131 420 682
Government Grants and Subsidies recognised as revenue	(124 006 208)	(136 571 567)
Repaid to Revenue Fund	(297 571)	-
Write-off of Grants	(311 476)	-
Contributions to Non-Current Provisions	3 566 702	12 379 740
Contribution to Current Employee Benefits	2 526 265	(180 071)
Contribution to Non-Current Employee Benefits	5 995 517	(1 913 437)
Debt Impairment	(294 800)	(9 154 965)
Actuarial Losses	335 235	-
Actuarial (Gains)	(4 348 861)	(5 177 099)
Unamortised discount	15 610	19 964
Bad Debts Written Off	9 100 016	23 282 115
Operating lease income accrued	(5 775)	(16 605)
Operating Surplus/(Deficit) before changes in working capital	56 728 537	117 782 244
Changes in working capital	19 512 239	(52 826 800)
Increase/(Decrease) in Payables from exchange transactions	(7 301 266)	2 473 503
Increase/(Decrease) in Taxes	(400 233)	(1 467 042)
(Increase)/Decrease in Inventory	27 927 498	(34 460 624)
(Increase)/Decrease in Receivables from exchange and non-exchange transactions	(713 760)	(19 372 637)
Cash generated/(absorbed) by operations	76 240 776	64 955 444
44 CASH AND CASH EQUIVALENTS		
Cash and cash equivalents included in the cash flow statement comprise the following:		
Call Investments Deposits - Note 24	130 034 742	95 083 394
Cash Floats - Note 24	10 300	10 610
Bank - Note 24	19 089 790	20 010 635
Total cash and cash equivalents	149 134 832	115 104 639
	2018 R	2017 R
45 RECONCILIATION OF AVAILABLE CASH AND INVESTMENT RESOURCES		
Cash and Cash Equivalents - Note 44	149 134 832	115 104 639
Investments - Note 18	126 641	122 821
	149 261 473	115 227 460
<u>Less:</u>	13 644 475	3 075 197
Unspent Committed Conditional Grants - Note 10	13 644 475	3 075 197
VAT - Note 12	-	-
Resources available for working capital requirements	135 616 998	112 152 262
<u>Allocated to:</u>		
Capital Replacement Reserve	56 421 002	31 353 026
Employee Benefits	19 725 798	16 501 010
Current Provisions	9 121 714	5 547 638
Resources available for working capital requirements	50 348 483	58 750 588
46 UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION		
Long-term Liabilities - Note 3	18 658 720	23 674 384
Used to finance property, plant and equipment - at cost	(18 658 720)	(23 674 384)
	-	-
Cash set aside for the repayment of long-term liabilities	-	-
Cash invested for repayment of long-term liabilities	-	-
Long-term liabilities have been utilized in accordance with the Municipal Finance Management Act.		

BUDGET COMPARISONS

	2018 R (Actual)	2018 R (Budget)	2018 R (Variance)	2018 R (%)
47.1 Operational				
Revenue by source				
Property Rates	46 521 253	50 885 510	(4 364 257)	-9%
Government Grants and Subsidies - Capital	24 144 506	31 295 150	(7 150 644)	-23%
Government Grants and Subsidies - Operating	99 861 701	115 849 550	(15 987 849)	-14%
Contributed Property, Plant and Equipment	40 439	-	40 439	100%
Interest Earned - Non-exchange Transactions	464 514	-	464 514	100%
Actuarial Gains	4 348 861	8 624 000	(4 275 139)	-50%
Availability Fees	2 402 373	3 798 870	(1 396 497)	-37%
Fines	4 529 280	9 597 450	(5 068 170)	-53%
Service Charges	399 062 336	417 904 438	(18 842 102)	-5%
Rental from Fixed Assets	2 887 897	3 784 630	(896 733)	-24%
Interest Earned - external investments	10 773 393	7 174 020	3 599 373	50%
Interest Earned - Exchange Transactions	2 143 978	2 385 600	(241 622)	-10%
Licences and Permits	1 038 901	1 353 530	(314 629)	-23%
Agency Services	3 929 797	4 767 560	(837 763)	-18%
Sales of Goods and Rendering of Services	16 206 578	-	16 206 578	100%
Operational Revenue	1 615 510	10 462 170	(8 846 660)	-85%
Unamortised Discount - Interest	58 317	-	58 317	100%
	620 029 636	667 882 478	(47 852 842)	-7%
Expenditure by nature				
Employee related costs	169 967 773	175 620 539	(5 652 766)	-3%
Remuneration of Councillors	10 202 437	10 278 180	(75 743)	-1%
Bad Debts Written Off	9 100 016	-	9 100 016	100%
Depreciation and Amortisation	25 545 556	34 461 572	(8 916 016)	-26%
Inventory Consumed	63 907 534	14 012 746	49 894 788	356%
Actuarial losses	335 235	8 640 000	(8 304 765)	-96%
Unamortised Discount - Interest paid	73 927	-	73 927	100%
Finance Charges	11 527 664	10 444 681	1 082 983	10%
Bulk Purchases	266 195 417	270 171 540	(3 976 123)	-1%
Contracted services	24 119 939	64 509 803	(40 389 864)	-63%
Grants and Subsidies	1 819 542	8 147 161	(6 327 619)	-78%
Operational Costs	33 765 165	52 872 460	(19 107 295)	-36%
	616 560 205	649 158 682	(32 598 477)	-5%
Operating Surplus/(Deficit) for the Year	3 469 431	18 723 796	(15 254 365)	
Inventories: (Write-down)/Reversal of Write-down to Net Realisable Value	(304 545)	(290)	(304 255)	104916%
Reversal of Impairment Loss/(Impairment Loss) on Receivables	294 800	(14 415 910)	14 710 710	-102%
Gains/(Loss) on disposal of Property, Plant and Equipment	7 945 336	753 600	7 191 736	954%
Gains/(Loss) on Sale of Fixed Assets	-	-	-	0%
Reversal of Impairment Loss/(Impairment Loss) on Fixed Assets	(67 460)	-	(67 460)	100%
Profit/(Loss) on Fair Value Adjustments	3 821	-	3 821	100%
Net Surplus for the year	11 341 382	5 061 196	6 280 186	124%

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

Comparison between last approved budget and final budget:

	2018 R	2018 R	2018 R	2018 R	Explanation for Variances
	(Approved Budget)	(Final Budget)	(Variance)	(%)	
Operational					
Revenue by source					
Property Rates	50 885 510	50 885 510	-	0%	
Government Grants and Subsidies - Capital	31 295 150	31 295 150	-	0%	
Government Grants and Subsidies - Operating	115 849 550	115 849 550	-	0%	
Contributed Property, Plant and Equipment	-	-	-	0%	
Interest Earned - Non-exchange Transactions	-	-	-	0%	
Actuarial Gains	8 624 000	8 624 000	-	0%	
Fair Value Adjustments	-	-	-	0%	
Availability Fees	3 798 870	3 798 870	-	0%	
Fines	9 597 450	9 597 450	-	0%	
Income due to Change in Discount rate	-	-	-	0%	
Impairment Reversal	-	-	-	0%	
Stock Adjustments	-	-	-	0%	
Service Charges	417 904 438	417 904 438	-	0%	
Rental from Fixed Assets	3 784 630	3 784 630	-	0%	
Rent on Land	-	-	-	0%	
Interest Earned - external investments	7 174 020	7 174 020	-	0%	
Interest Earned - Exchange Transactions	2 385 600	2 385 600	-	0%	
Licences and Permits	1 353 530	1 353 530	-	0%	
Agency Services	4 767 560	4 767 560	-	0%	
Sales of Goods and Rendering of Services	-	-	-	0%	
Operational Revenue	10 462 170	10 462 170	-	0%	
Unamortised Discount - Interest	-	-	-	0%	
Gain on disposal of Property, Plant and Equipment	-	-	-	0%	
	<u>667 882 478</u>	<u>667 882 478</u>	<u>-</u>	<u>0%</u>	
Expenditure by nature					
Employee related costs	175 620 539	175 620 539	-	0%	
Remuneration of Councillors	10 278 180	10 278 180	-	0%	
Bad Debts Written Off	-	-	-	0%	
Debt Impairment	-	-	-	0%	
Depreciation and Amortisation	34 461 572	34 461 572	-	0%	
Collection costs	-	-	-	0%	
Impairments	-	-	-	0%	
Inventory Consumed	14 012 746	21 812 242	(7 799 496)	-36%	
Actuarial losses	8 640 000	8 640 000	-	0%	
Unamortised Discount - Interest paid	-	-	-	0%	
Finance Charges	10 444 681	11 055 916	(611 235)	-6%	
Bulk Purchases	270 171 540	270 091 540	80 000	0%	
Contracted services	64 509 803	64 888 808	(379 005)	-1%	
Grants and Subsidies	8 147 161	8 472 161	(325 000)	-4%	
Stock Adjustments	-	-	-	0%	
Operational Costs	52 872 460	43 837 724	9 034 736	21%	
Loss on disposal of Property, Plant and Equipment	-	-	-	0%	
	<u>649 158 682</u>	<u>649 158 682</u>	<u>-</u>	<u>0%</u>	
Operating Surplus/(Deficit) for the Year	18 723 796	18 723 796	-	0%	
Inventories: (Write-down)/Reversal of Write-down to					
Net Realisable Value	(290)	(290)	-	0%	
Reversal of Impairment Loss/(Impairment Loss) on					
Receivables	(14 415 910)	(14 415 910)	-	0%	
Gains/(Loss) on disposal of Property, Plant and					
Equipment	753 600	753 600	-	0%	
Gains/(Loss) on Sale of Fixed Assets	-	-	-	0%	
Reversal of Impairment Loss/(Impairment Loss) on					
Fixed Assets	-	-	-	0%	
Profit/(Loss) on Fair Value Adjustments	-	-	-	0%	
Water Losses	-	-	-	0%	
Net Surplus for the year	<u>5 061 196</u>	<u>5 061 196</u>	<u>-</u>	<u>0%</u>	

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

	2018 R (Actual)	2018 R (Budget)	2018 R (Variance)	2018 R (%)
47.2 Expenditure by Vote				
Community Services	93 122 253	86 674 941	6 447 312	7%
Corporate Services	43 545 354	45 877 791	(2 332 437)	-5%
Engineering Services	404 458 331	426 760 013	(22 301 682)	-5%
Executive & Council	28 025 147	34 195 730	(6 170 583)	-18%
Finance	31 915 378	33 757 191	(1 841 813)	-5%
Strategy & Social Development	19 235 681	28 380 766	(9 145 085)	-32%
	620 302 144	655 646 432	(35 344 288)	-5%

Comparison between last approved budget and final budget:

	2018 R (Approved Budget)	2018 R (Final Budget)	2018 R (Variance)	2018 R (%)	Explanation for Variances
Expenditure by Vote					
Community Services	86 674 941	86 670 941	4 000	0.00%	
Corporate Services	45 877 791	46 074 561	(196 770)	-0.43%	
Engineering Services	426 760 013	426 760 013	-	0.00%	
Executive & Council	34 195 730	34 002 960	192 770	0.57%	
Finance	33 757 191	33 757 191	-	0.00%	
Strategy & Social Development	28 380 766	28 380 766	-	0.00%	
	655 646 432	655 646 432	-	0.00%	

	2018 R (Actual)	2018 R (Budget)	2018 R (Variance)	2018 R (%)
47.3 Capital expenditure by vote				
Community Services	2 532 507	2 907 970	(375 463)	-13%
Corporate Services	2 454 889	2 784 410	(329 521)	-12%
Engineering Services	36 679 470	46 147 105	(9 467 635)	-21%
Executive & Council	507 307	640 220	(132 913)	-21%
Finance	568 123	570 000	(1 877)	0%
Strategy & Social Development	2 146 505	2 771 580	(625 075)	-23%
	44 888 802	55 821 285	(10 932 483)	-20%

Comparison between last approved budget and final budget:

	2018 R (Approved Budget)	2018 R (Final Budget)	2018 R (Variance)	2018 R (%)	Explanation for Variances
Capital expenditure by vote					
Community Services	2 907 970	2 907 970	-	0%	
Corporate Services	2 784 410	2 784 410	-	0%	
Engineering Services	46 147 105	46 147 105	-	0%	
Executive & Council	640 220	640 220	-	0%	
Finance	570 000	570 000	-	0%	
Strategy & Social Development	2 771 580	2 771 580	-	0%	
	55 821 285	55 821 285	-	0%	

48 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED

48.1 Unauthorised expenditure

Reconciliation of unauthorised expenditure:

Opening balance	15 250	21 189 492
Unauthorised expenditure for the year - capital	-	-
Unauthorised expenditure for the year - operating	6 447 312	15 250
Written off by council	-	(21 189 492)
Transfer to receivables for recovery	-	-
Unauthorised expenditure awaiting authorisation	6 462 562	15 250

Unauthorised expenditure on the capital budget are related to the housing internal services of the McGregor Housing project that is part of the municipal infrastructure assets of which it was budgeted under the operating budget.

Incident	Disciplinary steps/criminal proceedings
Internal services of McGregor Housing project budget included in operating budget.	None
Over expenditure of Operating Budget - 2018	None

	2018 R	2017 R
48.2 Fruitless and wasteful expenditure		
Reconciliation of fruitless and wasteful expenditure:		
Opening balance	64 144	-
Fruitless and wasteful expenditure for the year	40 250	84 301
Written off by council/ Investigations and disciplinary hearings concluded	-	-
Transfer to receivables for recovery	(89 278)	(20 157)
Fruitless and wasteful expenditure awaiting further action	15 115	64 144
48.3 Irregular expenditure		
Reconciliation of irregular expenditure:		
Opening balance	501 748	481 798
Irregular expenditure for the year	836 508	19 950
Written off by council	(501 748)	-
Transfer to receivables for recovery	-	-
Irregular expenditure awaiting further action	836 508	501 748
48.4 Material Losses		
Water distribution losses		
- Kilo litres disinfected/purified/purchased	5 787 210	7 359 570
- Kilo litres lost during distribution	837 450	605 350
- Percentage lost during distribution	14.47%	8.23%
Electricity distribution losses		
- Units purchased (Kwh)	306 928 606	316 277 226
- Units lost during distribution (Kwh)	12 554 612	18 788 653
- Percentage lost during distribution	4.09%	5.94%
49 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT		
49.1 Contributions to organised local government - [MFMA 125 (1)(b)] - SALGA CONTRIBUTIONS		
Opening balance	-	-
Council subscriptions	1 888 266	1 679 418
Amount paid - current year	(1 888 266)	(1 679 418)
Amount paid - previous years	-	-
Balance unpaid (included in creditors)	-	-
49.2 Audit fees - [MFMA 125 (1)(c)]		
Opening balance	24 158	47 524
Current year audit fee	3 595 175	2 998 070
External Audit - Auditor-General	3 427 152	2 856 546
Audit Committee	168 023	141 524
Amount paid - current year	(3 595 175)	(2 973 912)
Amount paid - previous year	(24 158)	(47 524)
Balance unpaid (included in creditors)	(0)	24 158
49.3 VAT - [MFMA 125 (1)(c)]		
Opening balance	8 117 002	(5 541 783)
Amounts received - current year	61 319 135	60 835 529
Amounts received - previous years	(8 117 002)	5 541 783
Amounts claimed - current year	(52 684 417)	(52 718 527)
Closing balance - (Paid)/Claimed	8 634 719	8 117 002
Vat in suspense due to cash basis of accounting		
Input VAT	5 544 793	5 390 976
Output VAT	(7 747 144)	(7 111 532)
Receivable	(2 202 351)	(1 720 556)

VAT is payable/receivable on the cash basis. VAT is only paid over to SARS once cash is received from debtors and only claimed from SARS once payment is made to creditors.

49 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT (CONTINUE)

	2018 R	2017 R
49.4 PAYE, SDL and UIF - [MFMA 125 (1)(c)]		
Opening balance	-	-
Current year payroll deductions and Council Contributions	(21 523 084)	(18 859 157)
Amount paid - current year	21 523 084	18 859 157
Balance unpaid (included in creditors)	-	-
49.5 Pension and Medical Aid Deductions - [MFMA 125 (1)(c)]		
Opening balance	-	-
Current year payroll deductions and Council Contributions	(23 762 070)	(22 068 207)
Amount paid - current year	23 762 070	22 068 207
Balance unpaid (included in creditors)	-	-
49.6 Councillor's arrear consumer accounts - [MFMA 124 (1)(b)]		
The following Councillors had arrear accounts for more than 90 days as at 30 June:		
	2018 R Outstanding more than 90 days	2017 R Outstanding more than 90 days
NYAMANA, W	151	604
MBI, AS	4 697	11 592
Total Councillor Arrear Consumer Accounts	4 848	12 196

49.7 Disclosures in terms of the Municipal Supply Chain Management Regulations - Promulgated by Government Gazette 27636 dated 30 May 2005:

Regulation 36(2) - Details of deviations approved by the Accounting Officer in terms of Regulation 36 (1)(a) and (b)

2017/2018 FINANCIAL YEAR					
	Amount	Single Supplier	Type of deviation		Emergency
			Impossible	Impracticable	
July	-	-	-	-	-
August	847 524	2	-	8	4
September	586 156	4	-	6	1
October	364 425	3	-	10	1
November	342 787	6	-	10	-
December	411 728	5	-	5	-
January	867 932	2	-	5	3
February	327 325	5	-	8	2
March	256 358	1	-	7	1
April	471 623	4	-	4	-
May	523 267	1	-	6	1
June	32 087	-	-	2	1
	5 031 211	33	-	71	14
2016/2017 FINANCIAL YEAR					
	Amount	Single Supplier	Type of deviation		Emergency
			Impossible	Impracticable	
July	891 187	5	-	54	7
August	1 460 728	4	-	78	16
September	1 876 958	6	-	64	11
October	874 955	7	-	41	9
November	1 008 650	4	-	39	12
December	536 612	2	-	17	5
January	342 925	1	-	14	4
February	400 421	3	-	19	2
March	728 502	2	-	31	4
April	241 953	-	-	15	1
May	108 687	7	-	10	4
June	354 822	2	-	17	8
	8 826 400	43	-	399	83

ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT (CONTINUE)

Regulation 45 - Details of awards made to close family members of persons in service of State

Name of supplier	Member of company who has relationship with person in the service of the state	Relationship to person in the service of the state	Name of person in the service of the state	Employer and capacity of person in service of the state	Value of transactions
Annnadale Motors BK	Director	Spouse	E Wagner	Personal Assistant - Langeberg Municipality	74 813
Stemwet (PTY) LTD T/A Montagu Bande Supa Quick	Owner	Spouse	M Stemmet	Teacher-Department of Education Western Cape	302 148
Lumber & Lawn	Director	Spouse	J van Zyl	Teacher-Department of Education Western Cape	36 213
Mubesko Africa	Manager	Spouse	J Niehaus	Dietician -Department of Health Northern Cape	2 383 786
Van Niekerk & Linde	Owner	Spouse	S Rossouw	Teacher-Department of Education Western Cape	74 145
Montagu Trekkers	Owner	Child	J Rossouw	IT Technician - Langeberg Municipality	24 631
Moreson Grondverskuiwers	Shareholder	Child	E Honing	Department of Health	1 209 396
Qinisekisa System Solution	Director	Spouse	A Olivier	Teacher-Department of Education Western Cape	301 391
Robertson Toyota	Director	Spouse	ZG Schreder	Teacher-Department of Education Western Cape	1 713 169
Berry Bright	Owner	Spouse	CC Buirman	Police Officer - SAPS	41 430
Bar Vallei Herstell & Ing. Werke	Owner	Child	G van Loggerenberg	Teacher - Bonnievale High School	361 000
Buirman Buildings	Owner	Child	CC Buirman	Police Officer - SAPS	10 650
Advocate Etienne Vermaak	Owner	Spouse	Johanna Maria Christina Vermaak	Pharmacist- Karl Bremmer Hospital	220 132
Robertson Auto Electric	Owner	Father in Law	AWJ Everson	Director: Corporate Services (Langeberg Municipality)	183 268
Rukeya Jamie T/A Keyn's Spicy Bites	Owner	Child	Moegament Moeneeb Jamie	Fire Fighter	5 607

Regulation 45 - Details of awards made to persons who has been in the service of the State during the previous 12 months:

Name of supplier	Name of person in service of the state	Position occupied in company	Last day in service of the state	Employer and capacity of person	Employer and capacity of person
None					

49.8

Other non-compliance (MFMA 125(2)(e))

Non-compliance to the Supply Chain Management Regulations were identified in terms of Regulation 44 as detailed below:

Name of supplier	Name of person in service of the state	Position occupied in company	Employer and capacity of person	Value of transactions
None				

Other non-compliance issues were identified as detailed below:

Requirement	Relevant Legislation	Non-compliance
None		

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CAPITAL COMMITMENTS

Commitments in respect of capital expenditure:

	2018 R	2017 R
Approved and contracted for:	15 701 122	21 127 033
Infrastructure	1 044 221	18 809 514
Community	14 108 818	1 645 363
Other	548 083	672 156
Approved but not yet contracted for		-
Infrastructure	-	-
Community	-	-
Other	-	-
Total	15 701 122	21 127 033
This expenditure will be financed from:		
External Loans	-	-
Capital Replacement Reserve	2 462 130	6 288 908
Government Grants	13 238 992	14 838 126
Other Grants	-	-
Total	15 701 122	21 127 033

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FINANCIAL RISK MANAGEMENT

The activities of the municipality expose it to a variety of financial risks, including market risk (comprising fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The municipality's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance.

(a) Foreign Exchange Currency Risk

The municipality did not engage in any foreign currency transaction.

(b) Price risk

The municipality is not exposed to price risk.

(c) Interest Rate Risk

As the municipality has significant interest-bearing liabilities, the entity's income and operating cash flows are substantially dependent on changes in market interest rates.

The municipality analyses its potential exposure to interest rate changes on a continuous basis. Different scenarios are simulated which include refinancing, renewal of current positions, alternative financing and hedging. Based on these scenarios, the entity calculates the impact that a change in interest rates will have on the surplus/deficit for the year. These scenarios are only simulated for liabilities which constitute the majority of interest bearing liabilities.

The municipality did not hedge against any interest rate risks during the current year.

The potential impact on the entity's surplus/deficit for the year due to changes in interest rates were as follow:

	2018 R	2017 R
1.25% (2018 - 1%) Increase in interest rates	15 552	(35 482)
0.5% (2018 - 0.5%) Decrease in interest rates	(6 221)	14 193

FINANCIAL RISK MANAGEMENT (CONTINUE)

(d) Credit Risk

Credit risk is the risk that a counter party to a financial or non-financial asset will fail to discharge an obligation and cause the municipality to incur a financial loss.

Credit risk consist mainly of cash deposits, cash equivalents, trade and other receivables and unpaid conditional grants and subsidies.

Receivables are disclosed net after provisions are made for impairment and bad debts. Trade Receivables comprise of a large number of ratepayers, dispersed across different sectors and geographical areas. Ongoing credit evaluations are performed on the financial condition of these Trade Receivables. Credit risk pertaining to trade and other Trade Receivables is considered to be moderate due to the diversified nature of Trade Receivables and immaterial nature of individual balances. In the case of consumer Trade Receivables the municipality effectively has the right to terminate services to customers but in practice this is difficult to apply. In the case of Trade Receivables whose accounts become in arrears, Council endeavours to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.

The credit quality of receivables are further assessed by grouping individual Trade Receivables into different categories with similar risk profiles. The categories include the following: Bad Debt, Deceased, Good payers, Slow Payers, Government Departments, Trade Receivables with Arrangements, Indigents, Municipal Workers, Handed over to Attorneys and Untraceable account. These categories are then impaired on a group basis based on the risk profile/credit quality associated with the group.

Balances past due not impaired:

	2018 %	2018 R	2017 %	2017 R
<u>Non-Exchange Receivables</u>				
Rates and other receivables	100.00%	20 810 377	100.00%	23 797 539
<u>Exchange Receivables</u>				
Electricity	12.66%	2 421 967	10.38%	1 598 223
Water	28.24%	5 403 598	27.15%	4 180 561
Refuse	19.01%	3 637 667	18.62%	2 867 850
Sewerage	25.16%	4 814 915	25.02%	3 853 266
Other	14.94%	2 858 134	18.82%	2 898 539
	100.00%	19 136 282	100.00%	15 398 438

No receivables are pledged as security for financial liabilities.

Due to the short term nature of receivables the carrying value disclosed in note 21 and 22 of the financial statements is an approximation of its fair value. Interest on overdue balances are included at prime lending rate plus 1% where applicable.

The provision for bad debts could be allocated between the different classes of Trade Receivables as follows:

	2018 %	2018 R	2017 %	2017 R
<u>Non-Exchange Receivables</u>				
Rates and other receivables	100.00%	16 136 115	100.00%	18 759 436
<u>Exchange Receivables</u>				
Electricity	10.57%	1 872 062	11.62%	1 707 420
Water	28.95%	5 124 576	27.64%	4 063 467
Refuse	19.11%	3 383 135	18.26%	2 684 718
Sewerage	25.64%	4 538 823	24.80%	3 646 024
Other	15.73%	2 785 778	17.67%	2 597 162
	100.00%	17 704 374	100.00%	14 698 791

Bad debts written off per debtor class:

<u>Non-Exchange Receivables</u>				
Rates and other receivables	100.00%	7 625 446	100.00%	16 832 172
<u>Exchange Receivables</u>				
Electricity	1.01%	14 940	7.61%	112 192
Water	35.73%	526 794	125.05%	1 843 938
Refuse	29.99%	442 217	93.51%	1 378 850
Sewerage	38.98%	574 829	123.99%	1 828 334
Other	-5.71%	-84 210	87.25%	1 286 629
	100.00%	1 474 570	437.41%	6 449 943

FINANCIAL RISK MANAGEMENT (CONTINUE)

The entity only deposits cash with major banks with high quality credit standing. No cash and cash equivalents were pledged as security for financial liabilities and no restrictions were placed on the use of any cash and cash equivalents for the period under review. Although the credit risk pertaining to cash and cash equivalents are considered to be low, the maximum exposure are disclosed below.

The risk pertaining to unpaid conditional grants and subsidies are considered to be very low. Amounts are receivable from national and provincial government and there are no expectations of counter party default.

Long-term Receivables and Other Trade Receivables are individually evaluated annually at Balance Sheet date for impairment.

	2018 R	2017 R
Financial assets exposed to credit risk at year end are as follows:		
Long term receivables	1 213 436	1 289 881
Receivables from exchange transactions	41 368 502	47 760 198
Cash and Cash Equivalents	149 124 532	115 094 029
Non-Current Investments	126 641	122 821
	<u>191 833 111</u>	<u>164 266 929</u>

(e) Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying business, the treasury maintains flexibility in funding by maintaining availability under credit lines.

The entity's risk to liquidity is a result of the funds available to cover future commitments. The entity manages liquidity risk through an ongoing review of future commitments and credit facilities.

The table below analyses the entity's financial liabilities into relevant maturity groupings based on the remaining period at the financial year end to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	Over 10 Years
2018				
Long Term liabilities	6 135 427	10 955 256	7 343 178	-
Capital repayments	3 777 466	5 546 026	6 059 132	-
Interest	2 357 961	5 409 230	1 284 046	-
Trade and Other Payables	61 132 970	-	-	-
	<u>67 268 397</u>	<u>10 955 256</u>	<u>7 343 178</u>	<u>-</u>
	Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	Over 10 Years
2017				
Long Term liabilities	7 414 120	15 064 523	9 820 521	-
Capital repayments	5 056 159	9 655 293	8 536 475	-
Interest	2 357 961	5 409 230	1 284 046	-
Trade and Other Payables	68 683 028	-	-	-
	<u>76 097 148</u>	<u>15 064 523</u>	<u>9 820 521</u>	<u>-</u>

FINANCIAL INSTRUMENTS

The fair value of financial instruments approximates the amortised costs as reflected below.

In accordance with GRAP 104 the financial instruments of the municipality are classified as follows:

52.1

Financial AssetsClassification**Long-term Receivables**

Provincial Government Housing Loans - At amortised cost	374 094	365 196
Staff Study loans - At amortised cost	108 352	139 551
Services connections - At amortised cost	459 911	520 610
Land Sales - At amortised cost	-	-
Short-term Installments	271 079	264 524
Agreements with Consumer Debtors	-	-

Receivables

Receivables from exchange transactions	Financial instruments at amortised cost	41 368 502	47 760 198
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52	FINANCIAL INSTRUMENTS (CONTINUE)		2018 R	2017 R
	Short-term Investment Deposits			
	Call Deposits	Financial instruments at amortised cost	130 034 742	95 083 394
	Bank Balances and Cash			
	Bank Balances	Financial instruments at amortised cost	19 089 790	20 010 635
	Cash Floats and Advances	Financial instruments at amortised cost	-	-
			191 706 469	164 144 108
	SUMMARY OF FINANCIAL ASSETS			
	Financial instruments at amortised cost		191 706 469	164 144 108
	At amortised cost		191 706 469	164 144 108
52.2	Financial Liability	Classification		
	Long-term Liabilities			
	Annuity Loans	Financial instruments at amortised cost	13 869 338	17 421 160
	Capitalised Lease Liability	Financial instruments at amortised cost	272 582	1 197 064
	Payables from exchange transactions			
	Trade Payables	Financial instruments at amortised cost	47 238 429	56 587 002
	Retentions and Guarantees	Financial instruments at amortised cost	2 594 659	2 824 037
	Sundry Deposits	Financial instruments at amortised cost	9 912 485	8 172 865
	Sundry Creditors	Financial instruments at amortised cost	1 387 396	1 099 124
	Current Portion of Long-term Liabilities			
	Annuity Loans	Financial instruments at amortised cost	3 495 739	3 889 329
	Capitalised Lease Liability	Financial instruments at amortised cost	1 021 062	1 166 830
			79 791 691	92 357 412
	SUMMARY OF FINANCIAL LIABILITY			
	Financial instruments at amortised cost		79 791 691	92 357 412
53	STATUTORY RECEIVABLES			
	In accordance with the principles of GRAP 108 Statutory Receivables of the municipality are classified as follows:			
	Taxes			
	VAT Receivable		2 209 480	1 809 247
	Receivables from Non-Exchange Transactions			
	Rates		3 430 008	2 719 278
	Fines		180 338	880 757
			5 819 826	5 409 283
54	EVENTS AFTER THE REPORTING DATE			
	2018			
	The municipality suffered an impairment loss on the 4th of July 2018 due to vandalism at the the Hediland Creche, the impairment loss will be recognised in the 2018/2019 financial year.			
	The Municipal Council on 31 July 2018 condoned unauthorised expenditure amounting to R15 250, incurred as part of the Christmas Light events hosted during the 2016/2017 financial year.			
	The Municipality submitted the Annual Financial Statements to the Office of the Auditor General on the 7th of September 2018.			
	2017			
	The Municipal Council has approved an external loan to the value of R35 000 000 in 2016/2017 to fund capital expenditure during the 2017/2018 and 2018/2019 financial years. The tender process for awarding the loan has commenced with the aim of awarding the tender during the 2017/2018 financial year.			
	LM van Coppenagen has given intention of instituting a claim against the municipality for alleged water damage (REF LAN26/203). Estimate of exposure R 140 000-00. The attorneys of the municipality became aware of the intended legal action on 27 July 2017.			
	The Municipality has upgraded its financial system to incorporate the Municipal Standard Chart of Accounts (MSCOA) from 1 July 2017, as required by National Treasury.			
55	IN-KIND DONATIONS AND ASSISTANCE			
	No in-kind donations or assistance has been received during the financial year.			
56	PRIVATE PUBLIC PARTNERSHIPS			
	Council has not entered into any private public partnerships during the financial year.			

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CONTINGENT LIABILITY

2018

1. Langeberg Municipality/ Springfield Marketing – Worcester Regional Court Case 253/2017. Claim against municipality for overpaid rates (REF LAN26/0200). Estimate of exposure R269 912.

2. Langeberg Municipality/ Breede River Construction –Awaiting trial date under High Court Case number 12171/2017 (REF LAN26/0119). Claim by the Municipality against the Defendant for damages cause by negligence. Estimated Exposure in respect of legal costs – R400 000.

3. Langeberg Municipality/ Rooiberg Winery (PTY) Ltd – No further legal action has been taken. Claim against the Municipality due to losses suffered as a result of breakdown in electricity supply amounting to R45 348.

4. The following public liability claims were instituted against Langeberg Municipality during the current financial year, however no further legal action has been taken:

- M Selani	Losses due to water pipe burst	R	58 779.55
- P Kleintjies	Losses due to water pipe burst	R	518 688.68
- Telkom Cable damage	Losses due to damaged Telkom cables	R	29 972.50
- J Matthys	Losses due to water pipe burst	R	23 945.08
- L Vermeulen	Third party injury claim	R	100 000.00
- M Kotze	Losses due to municipal motor vehicle accident	R	40 000.00

2017

1. Langeberg Municipality/ Springfield Marketing – Worcester Regional Court Case 253/2017.Claim against municipality for overpaid rates (REF LAN26/0200). Estimate of exposure R200 000.

2. Langeberg Municipality/ Breede River Construction –Awaiting trial date under High Court Case number 12171/2017 (REF LAN26/0119). Claim by the Municipality against the Defendant for damages cause by negligence. Estimated Exposure in respect of legal costs – R400 000.

CONTINGENT ASSET

2018

Case Langeberg Municipality/Tony Quickleburg for Outstanding Rates and Levies of R348 426.

2017

Case Langeberg Municipality/Tony Quickleburg for Outstanding Rates and Levies of R348 426.

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RELATED PARTIES

Key Management and Councillors receive and pay for services on the same terms and conditions as other ratepayers / residents.

The rates, service charges and other charges are in accordance with approved tariffs that were advertised to the public. No bad debt expenses have been recognised in respect of amounts owed by related parties.

58.1 Related Party Loans

Since 1 July 2004 loans to councillors and senior management employees are not permitted. Loans granted prior to this date are disclosed in note 19 to the Annual Financial Statements.

58.2 Compensation of key management personnel

The compensation of key management personnel is set out in note 30 to the Annual Financial Statements.

58.3 Other related party transactions

No purchases were made during the year where Councillors or staff have an interest.

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IN-KIND DONATIONS AND ASSISTANCE

The municipality did not receive any in-kind donations or assistance during the year under review.

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FINANCIAL SUSTAINABILITY

Management is of the opinion that will municipality will continue to operate as a going concern and perform it's functions as set out in the Constitution.

APPENDIX A - Unaudited															
LANGE BERG MUNICIPALITY															
LOAN REGISTER FOR THE YEAR ENDED 30 JUNE 2018															
Financial Institution	Account Number	Contract Number	Redeemable	Interest Rate	Opening Balance (outstanding capital) 01/07/2017	Received During The Year / New Lease Agreement	Interest Paid	Installments during the year	Adjustments	Interest Payable Till 30/06/2018	Closing Balance (outstanding capital) 30/06/2018	Current Liability Short-term portion	Non-current Liability Balance at reporting date	Payments made in advance	Interest Payable Till 30/06/2018
ANNUITY LOANS															
DBSA	10287/102	61000738	31/03/2016	10.00%	0	-	-	-	-	-	0	-	-	-	-
DBSA	10287/202	61000739	30/09/2015	12.00%	-0	-	-	-	-	-	-0	-	-	-	-
DBSA	10422/102	61001087	31/03/2018	15.00%	126 913	-	13 996	136 334	-4 575	-	-0	-	-	-	-
DBSA	10422/203	61001088	30/09/2018	14.00%	102 916	-	11 791	75 843	-3 471	1 279	36 673	35 394	1 279	-	1 279
DBSA	11124/103	61001404	30/06/2019	16.00%	508 651	-	72 580	307 376	-	-	273 855	273 855	-	-	-
DBSA	11174/102	61001426	31/12/2018	16.50%	139 533	-	19 567	108 884	-	-	50 216	50 216	0	-	-
DBSA	11192/101	61001436	31/12/2018	15.75%	1 163 971	-	155 703	902 142	-	-	417 531	417 531	-	-	-
DBSA (Loan Fund)	11328/101	61001531	30/06/2014	13.22%	0	-	-	-	-	-	0	-0	0	-	-
DBSA (Public Debt Commissioner)	12350/101	61002371	30/06/2014	13.75%	-0	-	-	-	-	-	-0	0	-0	-	-
DBSA	13341/102	61003137	31/12/2019	16.50%	1 423 338	-	215 477	718 266	-	-	920 549	589 144	331 405	-	-
DBSA	13452/102	61003173	30/06/2020	8.808%	345 186	-	28 542	143 604	-	-	230 124	115 062	115 062	-	-
DBSA	13452/301	61003178	31/12/2019	8.808%	387 088	-	31 438	186 273	-	-	232 253	154 835	77 418	-	-
DBSA	13586/101	61003228	31/12/2020	10.153%	162 784	-	15 834	62 344	-	-	116 274	46 510	69 764	-	-
DBSA	13760/101	61003271	31/12/2020	9.683%	740 810	-	68 821	280 481	-	-	529 150	211 660	317 490	-	-
DBSA	99999/1	61004211	31/12/2024	9.683%	479 870	-	46 353	110 336	-	-	415 887	63 983	351 904	-	-
DBSA	102290/1	61000517	31/03/2027	8.800%	15 729 432	-	1 346 695	2 884 245	-353 933	304 616	14 142 566	1 537 550	12 605 016	-	304 616
TOTAL ANNUITY LOANS					21 310 490	-	2 026 800	5 916 129	-361 979	305 895	17 365 077	3 495 739	13 869 338	-	305 895
LEASE LIABILITIES															
TASKalfa 3510i	LH44702656		25/07/2018	15.25%	25 954	-	2 462	26 916	-1 500	-	-	-	-	-	-
TASKalfa 3510i	LH44702681		25/07/2018	15.25%	25 954	-	2 462	26 916	-1 500	-	-	-	-	-	-
TASKalfa M2535 DN	15267449		25/01/2019	16.50%	11 871	-	1 412	8 295	-419	-	5 062	4 568	494	494	-
TASKalfa 3551 Ci MFP	K581144		25/02/2019	16.50%	73 729	-	8 794	49 200	-2 462	-	33 761	30 660	2 901	2 901	-
TA 5551 ci MFP (Colour)	B5706424		25/01/2019	16.50%	132 498	-	15 757	92 585	-4 682	-	56 503	50 987	5 515	5 515	-
TA 5551 ci MFP (Colour)	B5706437		25/01/2019	16.50%	132 498	-	15 757	92 585	-4 682	-	56 503	50 987	5 515	5 515	-
TASKalfa 5551 Ci	B5706441		25/11/2018	16.50%	62 726	-	7 398	48 437	-2 501	-	22 132	19 186	2 946	2 946	-
TASKalfa 350i (Black)	44702675		25/11/2018	16.50%	62 726	-	7 398	48 437	-2 501	-	22 132	19 186	2 946	2 946	-
NEC SV8100 PABX	0834143742100001		25/01/2019	16.50%	67 024	-	7 970	46 834	-2 368	-	28 582	25 792	2 790	2 790	-
NEC SV8100 PABX	260385BK700065		25/03/2019	16.50%	177 421	-	21 588	113 700	-5 613	-	86 309	79 696	6 612	6 612	-
NEC SV8100 PABX	ITL5BE 1P 10 Units		25/05/2019	16.50%	460 046	-	57 913	273 564	-13 141	-	246 735	231 254	15 481	15 481	-
Olivetti d-Copia 3513MFP	V3L6606310		25/02/2020	16.50%	20 743	-	2 871	9 480	-403	-	14 206	7 786	6 421	474	-
Olivetti d-Copia 3513MFP	V3L6606309		25/02/2020	16.50%	20 743	-	2 871	9 480	-403	-	14 206	7 786	6 421	474	-
Olivetti d-Copia 3513MFP	V3L6606303		25/02/2020	16.50%	20 743	-	2 871	9 480	-403	-	14 206	7 786	6 421	474	-
Kyocera M2535 DN	LW16220247		25/07/2019	16.50%	16 197	-	2 096	9 000	-421	-	9 368	8 133	1 235	496	-
Kyocera M2535 DN	LW15V05676		25/07/2020	16.50%	16 197	-	2 096	9 000	-421	-	9 368	8 133	1 235	496	-
SV 8100 NEC PABX	A44163500019		25/01/2020	16.50%	84 515	-	11 611	39 588	-1 705	-	56 841	32 959	23 882	2 008	-
List Radio links between Towns	Per list		25/09/2019	16.50%	814 642	-	107 914	425 520	-19 354	-	500 482	374 162	126 320	22 800	-
SV 8100 NEC PABX	Z1149000GB		01/11/2020	16.25%	-	110 242	9 144	32 779	-	-	88 633	33 187	55 446	2 025	-
Vodacom - Cell phones	Per List		2016/09/30	10.50%	-	-	-	-	-	-	-	-	-	-	-
Vodacom - Cell phones	Per List		2017/07/31	10.50%	117	-	1	118	-	-	-	-	-	-	-
Vodacom - Cell phones	Per List		2017/10/31	10.50%	2 783	-	65	2 848	-	-	-	-	-	-	-
Vodacom - Cell phones	Per List		2017/11/30	10.50%	9 289	-	245	9 534	-	-	-	-	-	-	-
Vodacom - Cell phones	Per List		2018/04/01	10.50%	4 150	-	184	4 334	-	-	-	-	-	-	-
Vodacom - Cell phones	Per List		2018/05/01	10.50%	5 818	-	284	6 102	-	-	-	-	-	-	-
Vodacom - Tablets Council	Per List		2018/10/01	10.50%	72 225	-	4 892	61 907	-	-	15 209	15 209	-	-	-
Vodacom - Tablets Council	Per List		2018/12/01	10.50%	43 286	-	3 134	33 017	-	-	13 403	13 403	-	-	-
					-	-	-	-	-	-	-	-	-	-	-
TOTAL LEASE LIABILITIES					2 363 894	110 242	299 191	1 489 656	-64 477	-	1 293 643	1 021 062	272 582	74 449	-
TOTAL LIABILITIES					23 674 384	110 242	2 325 991	7 405 785	-426 456	305 895	18 658 720	4 516 800	14 141 920	74 449	305 895

**APPENDIX B - Unaudited
 LANGE BERG MUNICIPALITY
 SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2018
 MUNICIPAL VOTES CLASSIFICATION**

2017 Actual Income R	2017 Actual Expenditure R	2017 Surplus/ (Deficit) R		2018 Actual Income R	2018 Actual Expenditure R	2018 Surplus/ (Deficit) R
51 953 414	(41 484 887)	10 468 527	Community Services	31 169 260	(93 122 253)	(61 952 994)
26 246 471	(48 148 952)	(21 902 481)	Corporate Services	23 187 950	(43 545 354)	(20 357 404)
469 129 694	(404 496 802)	64 632 892	Engineering Services	467 878 490	(404 458 331)	63 420 159
762 490	(27 614 102)	(26 851 612)	Executive & Council	4 877 595	(28 025 147)	(23 147 552)
96 647 310	(27 612 506)	69 034 805	Finance	102 374 834	(31 915 378)	70 459 456
1 819 000	(19 851 212)	(18 032 212)	Strategy & Social Development	2 155 397	(19 235 681)	(17 080 284)
646 558 379	(569 208 460)	77 349 919	Sub Total	631 643 526	(620 302 144)	11 341 382
-	-	-		-	-	-
646 558 379	(569 208 460)	77 349 919	Total	631 643 526	(620 302 144)	11 341 382

APPENDIX C - Unaudited LANGEBERG MUNICIPALITY SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2018 GENERAL FINANCE STATISTIC CLASSIFICATIONS						
2017 Actual Income R	2017 Actual Expenditure R	2017 Surplus/ (Deficit) R		2018 Actual Income R	2018 Actual Expenditure R	2018 Surplus/ (Deficit) R
762 490	(33 920 498)	(33 158 008)	Executive & Council	6 860 148	(34 286 073)	(27 425 925)
96 647 310	(27 612 506)	69 034 805	Budget & Treasury	102 374 834	(31 915 378)	70 459 456
2 563 579	(25 646 954)	(23 083 375)	Corporate Services	9 705 637	(28 160 681)	(18 455 043)
3 308 117	(7 902 182)	(4 594 064)	Planning & Development	3 961 604	(7 819 827)	(3 858 223)
13 883 984	(21 434 283)	(7 550 299)	Community & Social Services	10 879 055	(24 988 954)	(14 109 899)
37 477 434	(4 312 684)	33 164 750	Housing	19 384 239	(53 829 027)	(34 444 788)
23 963 243	(34 151 205)	(10 187 962)	Public Safety	13 798 732	(26 981 163)	(13 182 431)
821 361	(4 593 062)	(3 771 700)	Sport & Recreation	184 664	(4 162 055)	(3 977 391)
282 030	(14 266 642)	(13 984 612)	Environmental Protection	675 193	(14 004 914)	(13 329 720)
29 029 347	(31 097 213)	(2 067 866)	Waste Management	24 610 499	(31 560 465)	(6 949 966)
37 209 837	(16 059 437)	21 150 400	Waste Water Management	32 897 788	(16 674 471)	16 223 317
117 364	(18 993 186)	(18 875 821)	Road Transport	45 566	(18 296 036)	(18 250 470)
49 703 366	(35 082 288)	14 621 078	Water	53 702 456	(34 782 333)	18 920 122
350 788 917	(294 136 323)	56 652 594	Electricity	352 563 110	(292 840 767)	59 722 343
						-
646 558 379	(569 208 460)	77 349 919	Sub Total	631 643 526	(620 302 144)	11 341 382
646 558 379	(569 208 460)	77 349 919	Total	631 643 526	(620 302 144)	11 341 382

APPENDIX D - Unaudited LANGEBERG MUNICIPALITY DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003 Restated									
UNSPENT AND UNPAID GOVERNMENT GRANTS AND RECEIPTS	30 JUNE 2017	Prior Period Error	30 JUNE 2017	Grants Received	Repaid to Revenue Fund	Write Offs / Transfers	Operating expenditure during the year Transferred to revenue	Capital expenditure during the year Transferred to revenue	Balance 30 JUNE 2018
	R	R	R	R		R	R	R	R
<u>National Government Grants</u>									
MSIG	-	-	-	-		-	-	-	-
Masterplans	49 027	-	49 027	-		(49 027)	-	-	-
MIG	-	-	-	21 950 000		-	(2 091 725)	(14 877 128)	4 981 146
Equitable Share	-	-	-	65 384 000		-	(65 384 000)	-	-
FMG	-	-	-	1 550 000		-	(1 550 000)	-	-
INEP	-	-	-	1 000 000		-	(122 800)	(877 200)	-
EPWP	-	-	-	1 866 000		-	(1 866 000)	-	-
Municipal Disaster Recovery	-	-	-	-		-	-	-	-
Department of Water Affairs	55 470	-	55 470	-		(55 470)	-	-	(0)
<u>Provincial Government Grants</u>									
Community Library Services Grant	82 160	-	82 160	3 000 000		-	(3 000 000)	(82 160)	0
Library Services - Replacement Funding for most vulnerable B3 Municipalities	354 775	-	354 775	5 570 000		-	(5 550 313)	(374 462)	-
Financial Assistance to Municipalities for Maintenance and Construction of Transport Infrastructure	-	-	-	-		-	-	-	-
Masakhane	37 307	-	37 307	-		-	(37 307)	-	(0)
Housing Consumer Education	-	-	-	-		-	-	-	-
Housing Emergency Grant	29 896	-	29 896	-		(29 896)	-	-	0
Job creation	128 050	-	128 050	-		-	(128 050)	-	-
Housing Home Sanitation	51 633	-	51 633	-		-	-	(51 633)	-
Housing	188	-	188	-		(188)	-	-	0
Dept Water Affairs	140 000	-	140 000	-		(140 000)	-	-	-
Training	-	-	-	256 829		-	(256 829)	-	-
Installation of Basic Services (Squatter Camps)	46 326	-	46 326	-		-	-	(46 326)	-
Public Transport Infrastructure	-	-	-	-		-	-	-	-
Human Settlements Development Grant (Beneficiaries)	1 221 353	-	1 221 353	21 068 704		-	(19 239 627)	-	3 050 430
Thusong Service Centre Operational Support Grant	-	-	-	-		-	-	-	-
Acceleration of Housing Delivery	-	-	-	4 450 000		-	-	(4 176 300)	273 700
Department of Sport	-	-	-	-		-	-	-	-
Western Cape Financial Management Support Grant	7 700	(7 700)	-	330 000		-	(330 000)	-	-
Western Cape Financial Management Capacity Building Grant	60 000	-	60 000	240 000		-	(60 000)	-	240 000
Local Government Graduate Internship	60 000	-	60 000	-		-	-	-	60 000
Municipal Capacity Building Grant	297 571	-	297 571	-	(297 571)	-	-	-	-
Fire Services Capacity Building Grant	-	-	-	800 000		-	-	(659 298)	140 702
Emergency Drought Relief	-	-	-	3 000 000		-	-	(3 000 000)	-
Community Development Workers Grant	-	-	-	19 000		-	(19 000)	-	-
CWDM:Upgrade of Ablution Facilities at King Edward Sport Grounds	-	-	-	50 000		-	-	-	50 000
Municipal Drought Relief Grant	-	-	-	4 200 000		-	-	-	4 200 000
<u>District Municipality Grants</u>									
ID Documents	-	-	-	-		-	-	-	-
Route 62 projects	1 193	-	1 193	-		-	(1 193)	-	(0)
PIMS	-	-	-	-		-	-	-	-
Pre-paid Watermeters	82 188	-	82 188	-		(11 897)	(70 291)	-	0
Ward Committees	38 964	-	38 964	-		-	(38 964)	-	0
PIMS	-	-	-	-		-	-	-	-
McGregor Dam	25 000	-	25 000	-		(25 000)	-	-	-
Bakery Project	187 868	-	187 868	-		-	(18 993)	-	168 875
Landfill site	-	-	-	-		-	-	-	-
Tarring of Streets	-	-	-	-		-	-	-	-
Cleanest Town	0	-	0	-		-	0	-	0
CDWM Cultural Events	126 230	-	126 230	-		-	(87 608)	-	38 622
Project Assistance-CWDM	-	-	-	450 000		-	(9 000)	-	441 000
Total	3 082 897	(7 700)	3 075 197	135 184 533	(297 571)	(311 476)	(99 861 701)	(24 144 506)	13 644 475

**APPENDIX E1
LANGE BERG MUNICIPALITY**

- Revenue and Expenditure (Standard Classification)

LANGE BERG MUNICIPALITY - Reconciliation of Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)

Description	2017/18								2016/17			
	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
R thousand	1	2	3	4	5	6	7	8	9	10	11	12
Revenue - Standard												
Governance and administration	105 513	797	106 310	118 941		(12 630)	111.9%	112.7%				99 973
Executive and council	4 704	—	4 704	6 860		(2 156)	145.8%	145.8%				762
Finance and administration	100 809	797	101 607	112 080		(10 474)	110.3%	111.2%				99 211
Internal audit	—	—	—	—		—	—	—				—
Community and public safety	46 518	1 688	48 206	44 247		3 960	91.8%	95.1%				76 146
Community and social services	11 178	437	11 615	10 879		736	93.7%	97.3%				13 884
Sport and recreation	1 521	—	1 521	185		1 337	12.1%	12.1%				821
Public safety	—	—	—	13 799		(13 799)	—	—				23 963
Housing	33 819	1 251	35 070	19 384		15 686	55.3%	57.3%				37 477
Health	—	—	—	—		—	—	—				—
Economic and environmental services	55 695	(28 098)	27 597	4 682		22 915	17.0%	8.4%				3 708
Planning and development	27 570	(16 020)	11 550	3 962		7 588	34.3%	14.4%				3 308
Road transport	28 125	(12 078)	16 048	46		16 002	0.3%	0.2%				117
Environmental protection	—	—	—	675		(675)	—	—				282
Trading services	469 938	8 655	478 593	463 774		14 820	96.9%	98.7%				466 731
Electricity	345 071	3 000	348 071	352 563		(4 492)	101.3%	102.2%				350 789
Water	66 817	5 604	72 420	53 702		18 718	74.2%	80.4%				49 703
Waste water management	30 884	52	30 936	32 898		(1 962)	106.3%	106.5%				37 210
Waste management	27 166	—	27 166	24 610		2 556	90.6%	90.6%				29 029
Other	—	—	—	—		—	—	—				—
Total Revenue - Standard	677 665	(16 957)	660 708	631 644		29 064	95.6%	93.2%				646 558
Expenditure - Standard												
Governance and administration	108 128	2 472	110 600	94 362	—	16 238	85.3%	87.3%	—	—	—	87 180
Executive and council	32 585	(896)	31 689	34 286	—	(2 597)	108.2%	105.2%	—	—	—	33 920
Finance and administration	73 165	3 240	76 405	60 076	—	16 329	78.6%	82.1%	—	—	—	53 259
Internal audit	2 379	128	2 507	—	—	2 507	0.0%	0.0%	—	—	—	—
Community and public safety	88 453	(56)	88 397	109 961	—	(21 564)	124.4%	124.3%	—	—	—	64 491
Community and social services	26 915	719	27 633	24 989	—	2 644	90.4%	92.8%	—	—	—	21 434
Sport and recreation	24 671	(2 248)	22 423	4 162	—	18 260	18.6%	16.9%	—	—	—	4 593
Public safety	—	30	30	26 981	—	(26 951)	89937.2%	—	—	—	—	34 151
Housing	36 868	1 444	38 311	53 829	—	(15 518)	140.5%	146.0%	—	—	—	4 313
Health	—	—	—	—	—	—	—	—	—	—	—	—
Economic and environmental services	94 217	(18 054)	76 163	40 121	—	36 042	52.7%	42.6%	—	—	—	41 162
Planning and development	26 892	1 793	28 685	7 820	—	20 866	27.3%	29.1%	—	—	—	7 902
Road transport	67 325	(19 847)	47 477	18 296	—	29 181	38.5%	27.2%	—	—	—	18 993
Environmental protection	—	—	—	14 005	—	(14 005)	—	—	—	—	—	14 267
Trading services	386 610	(7 317)	379 293	375 858	—	3 435	99.1%	97.2%	—	—	—	376 375
Electricity	303 529	(10 487)	293 042	292 841	—	201	99.9%	96.5%	—	—	—	294 136
Water	33 909	(900)	33 009	34 782	—	(1 773)	105.4%	102.6%	—	—	—	35 082
Waste water management	19 696	3 496	23 192	16 674	—	6 517	71.9%	84.7%	—	—	—	16 059
Waste management	29 476	573	30 050	31 560	—	(1 511)	105.0%	107.1%	—	—	—	31 097
Other	—	1 193	1 193	—	—	1 193	0.0%	0.0%	—	—	—	—
Total Expenditure - Standard	677 409	(21 762)	655 646	620 302	—	35 344	94.6%	91.6%	—	—	—	569 208
Surplus/(Deficit) for the year	256	4 805	5 061	11 341	—	(6 280)	224.1%	4428.6%	—	—	—	77 350

**APPENDIX E2
LANGE BERG MUNICIPALITY**

- Revenue and Expenditure (Municipal Vote Classification)

LANGE BERG MUNICIPALITY - Reconciliation of Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description R thousand	2017/18								2016/17			
	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	1	2	3	4	5	6	7	8	9	10	11	12
Revenue by Vote												
Vote 1 - FINANCE	97 709	390	98 099	102 375		(4 276)	104.4%	104.8%				96 647
Vote 2 - EXECUTIVE & COUNCIL	4 704	—	4 704	4 878		(174)	103.7%	103.7%				762
Vote 3 - STRATEGY & SOCIAL DEVELOPMENT	2 653	60	2 713	2 155		558	79.4%	81.2%				1 819
Vote 4 - CORPORATE SERVICES	30 894	(11 731)	19 163	23 188		(4 025)	121.0%	75.1%				26 246
Vote 5 - ENGINEERING SERVICES	495 833	(7 365)	488 468	467 878		20 589	95.8%	94.4%				469 130
Vote 6 - COMMUNITY SERVICES	45 872	1 688	47 561	31 169		16 391	65.5%	67.9%				51 953
Total Revenue by Vote	677 665	(16 957)	660 708	631 644		29 064	95.6%	93.2%				646 558
Expenditure by Vote to be appropriated												
Vote 1 - FINANCE	31 857	1 900	33 757	31 915	—	—	94.5%	100.2%	—	—	—	27 613
Vote 2 - EXECUTIVE & COUNCIL	34 964	(768)	34 196	28 025	—	—	82.0%	80.2%	—	—	—	27 614
Vote 3 - STRATEGY & SOCIAL DEVELOPMENT	24 509	3 871	28 381	19 236	—	—	67.8%	78.5%	—	—	—	19 851
Vote 4 - CORPORATE SERVICES	64 480	(18 602)	45 878	43 545	—	—	94.9%	67.5%	—	—	—	48 149
Vote 5 - ENGINEERING SERVICES	435 913	(9 153)	426 760	404 458	—	—	94.8%	92.8%	—	—	—	404 497
Vote 6 - COMMUNITY SERVICES	85 686	989	86 675	93 122	6 447	—	107.4%	108.7%	—	—	—	41 485
Total Expenditure by Vote	677 409	(21 762)	655 646	620 302	6 447	35 344	94.6%	91.6%	—	—	—	569 208
Surplus/(Deficit) for the year	256	4 805	5 061	11 341		(6 280)	224.1%	4428.6%				

**APPENDIX E3
LANGEBERG MUNICIPALITY**

- Revenue and Expenditure (Revenue by Source and Expenditure by Type)

LANGEBERG MUNICIPALITY - Reconciliation of Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	2017/18								2016/17			
	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
R thousand	1	2	3	4	5	6	7	8	9	10	11	12
Revenue By Source												
Property rates	50 886	—	50 886	46 521		4 364	91.4%	91.4%				43 075
Service charges - electricity revenue	337 841	3 000	340 841	318 188		22 653	93.4%	94.2%				337 632
Service charges - water revenue	47 865	(4 000)	43 865	27 388		16 477	62.4%	57.2%				37 725
Service charges - sanitation revenue	19 419	—	19 419	31 595		(12 176)	162.7%	162.7%				17 268
Service charges - refuse revenue	17 579	—	17 579	21 892		(4 313)	124.5%	124.5%				13 156
Service charges - other	—	—	—	2 402		(2 402)	—	—				—
Rental of facilities and equipment	3 785	—	3 785	2 888		897	76.3%	76.3%				2 714
Interest earned - external investments	7 174	—	7 174	10 773		(3 599)	150.2%	150.2%				5 931
Interest earned - outstanding debtors	2 386	—	2 386	2 608		(223)	109.3%	109.3%				1 779
Dividends received	—	—	—	—		—	—	—				—
Fines	21 675	(12 078)	9 597	4 529		5 068	47.2%	20.9%				9 515
Licences and permits	5 322	(3 968)	1 354	1 039		315	76.8%	19.5%				1 503
Agency services	99	4 669	4 768	3 930		838	82.4%	3981.2%				3 498
Transfers recognised - operational	116 406	(556)	115 850	99 862		15 988	86.2%	85.8%				112 069
Other revenue	12 338	(1 721)	10 618	17 880		(7 263)	168.4%	144.9%				35 818
Gains on disposal of PPE	1 294	—	1 294	7 945		(6 652)	614.1%	614.1%				597
Total Revenue (excluding capital transfers and contributions)	644 067	(14 654)	629 412	599 441.165		29 971	95.2%	93.1%				622 279
Expenditure By Type												
Employee related costs	184 040	(8 403)	175 637	165 954	—	9 682	94.5%	90.2%	—	—	—	157 957
Remuneration of councillors	10 135	144	10 278	10 202	—	76	99.3%	100.7%	—	—	—	9 234
Debt impairment	32 386	(17 970)	14 416	(295)	—	14 711	-2.0%	-0.9%	—	—	—	—
Depreciation & asset impairment	34 312	150	34 462	25 546	—	8 916	74.1%	74.5%	—	—	—	26 686
Finance charges	12 561	(2 116)	10 445	11 528	—	(1 083)	110.4%	91.8%	—	—	—	11 925
Bulk purchases	267 772	2 400	270 172	266 195	—	3 976	98.5%	99.4%	—	—	—	270 736
Other materials	—	14 013	14 013	63 908	—	(49 895)	456.1%	—	—	—	—	9 427
Contracted services	78 745	(14 235)	64 510	24 120	—	40 390	37.4%	30.6%	—	—	—	7 214
Transfers and grants	7 142	1 005	8 147	1 820	—	6 328	22.3%	25.5%	—	—	—	133
Other expenditure	49 777	3 251	53 028	43 307	—	9 721	81.7%	87.0%	—	—	—	75 864
Loss on disposal of PPE	540	—	540	—	—	540	0.0%	0.0%	—	—	—	257
Total Expenditure	677 409	(21 762)	655 646	612 284.729	—	43 362	93.4%	90.4%	—	—	—	569 432
Surplus/(Deficit)	(33 342)	7 108	(26 234)	(12 844)		(13 390)	48.0%	38.5%				52 847
Transfers recognised - capital	33 598	(2 303)	31 295	24 145		7 151	77.2%	71.9%				24 503
Contributions recognised - capital	—	—	—	40		(40)	—	—				—
Contributed assets	—	—	—	—		—	—	—				—
Surplus/(Deficit) after capital transfers & contributions	256	4 805	5 061	11 341		(6 280)	224.1%	4428.6%				77 350
Taxation	—	—	—	—		—	—	—				—
Surplus/(Deficit) after taxation	256	4 805	5 061	11 341		(6 280)	224.1%	4428.6%				77 350
Attributable to minorities	—	—	—	—		—	—	—				—
Surplus/(Deficit) attributable to municipality	256	4 805	5 061	11 341		(6 280)	224.1%	4428.6%				77 350
Share of surplus/ (deficit) of associate	—	—	—	—		—	—	—				—
Surplus/(Deficit) for the year	256	4 805	5 061	11 341		(6 280)	224.1%	4428.6%				77 350

**APPENDIX E4
LANGE BERG MUNICIPALITY**

- Capital Expenditure by Vote, Standard Classification and Funding

LANGE BERG MUNICIPALITY - Reconciliation of Table A5 Budgeted Capital Expenditure by vote, standard classification and funding

Vote Description	2017/18								2016/17			
	Original Budget	Total Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
R thousand	1	2	3	4	5	6	7	8	9	10	11	12
Capital expenditure - Vote												
Multi-year expenditure												
Vote 1 - FINANCE	-	-	-	-	-	-	-	-	-	-	-	-
Vote 2 - EXECUTIVE & COUNCIL	-	-	-	-	-	-	-	-	-	-	-	-
Vote 3 - STRATEGY & SOCIAL DEVELOPMENT	-	272	272	-	-	272	0%	-	-	-	-	1 920
Vote 4 - CORPORATE SERVICES	200	-	200	173	-	27	87%	87%	-	-	-	1 044
Vote 5 - ENGINEERING SERVICES	26 440	(11 444)	14 995	7 613	-	7 382	51%	29%	-	-	-	14 419
Vote 6 - COMMUNITY SERVICES	-	-	-	-	-	-	-	-	-	-	-	1 863
Capital multi-year expenditure	26 640	(11 173)	15 467	7 786	-	7 680	50%	29%	-	-	-	19 246
Single-year expenditure												
Vote 1 - FINANCE	570	-	570	568	-	2	100%	100%	-	-	-	-
Vote 2 - EXECUTIVE & COUNCIL	-	640	640	546	-	94	85%	-	-	-	-	-
Vote 3 - STRATEGY & SOCIAL DEVELOPMENT	2 500	-	2 500	2 257	-	243	90%	90%	-	-	-	766
Vote 4 - CORPORATE SERVICES	2 084	500	2 584	2 171	-	413	84%	104%	-	-	-	683
Vote 5 - ENGINEERING SERVICES	42 716	(11 564)	31 152	29 028	-	2 124	93%	68%	-	-	-	25 159
Vote 6 - COMMUNITY SERVICES	1 499	1 409	2 908	2 533	-	375	87%	169%	-	-	-	4 985
Capital single-year expenditure	49 369	(9 014)	40 355	37 102	-	3 252	92%	75%	-	-	-	31 593
Total Capital Expenditure - Vote	76 008	(20 187)	55 821	44 889	-	10 932	80%	59%	-	-	-	50 839
Capital Expenditure - Standard												
Governance and administration	2 870	1 676	4 546	3 451	-	1 095	0%	0%	-	-	-	3 342
Executive and council	-	536	536	-	-	536	0%	-	-	-	-	-
Finance and administration	2 870	500	3 370	2 944	-	426	87%	103%	-	-	-	-
Internal audit	-	640	640	507	-	133	79%	-	-	-	-	3 342
Community and public safety	21 149	(11 341)	9 809	4 650	-	5 158	0%	0%	-	-	-	6 928
Community and social services	950	1 257	2 207	1 925	-	282	87%	203%	-	-	-	6 658
Sport and recreation	20 181	(12 597)	7 583	2 711	-	4 872	36%	13%	-	-	-	136
Public safety	-	-	-	-	-	-	-	-	-	-	-	135
Housing	19	-	19	15	-	4	79%	79%	-	-	-	-
Health	-	-	-	-	-	-	-	-	-	-	-	-
Economic and environmental services	4 699	(767)	3 932	3 803	-	129	0%	0%	-	-	-	6 969
Planning and development	900	(767)	133	137	-	(4)	103%	15%	-	-	-	4 978
Road transport	3 799	(0)	3 799	3 666	-	133	96%	96%	-	-	-	1 000
Environmental protection	-	-	-	-	-	-	-	-	-	-	-	992
Trading services	47 290	(9 755)	37 534	32 985	-	4 550	0%	0%	-	-	-	33 599
Electricity	26 263	(19 317)	6 946	5 470	-	1 476	79%	21%	-	-	-	6 150
Water	21 027	8 727	29 754	27 163	-	2 591	91%	129%	-	-	-	9 914
Waste water management	-	335	335	352	-	(17)	105%	-	-	-	-	9 965
Waste management	-	500	500	-	-	500	0%	-	-	-	-	7 570
Other	-	-	-	-	-	-	0%	0%	-	-	-	-
Total Capital Expenditure - Standard	76 008	(20 187)	55 821	44 889	-	10 932	80%	59%	-	-	-	50 839
Funded by:												
National Government	33 598	(13 158)	20 440	15 754	-	4 686	77%	47%	-	-	-	19 558
Provincial Government	-	10 805	10 805	8 108	-	2 696	75%	-	-	-	-	4 985
District Municipality	-	50	50	-	-	50	0%	-	-	-	-	-
Other transfers and grants	-	-	-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	33 598	(2 303)	31 295	23 863	-	7 432	76%	71%	-	-	-	24 543
Public contributions & donations	-	-	-	-	-	-	0%	0%	-	-	-	-
Borrowing	20 124	(20 124)	-	-	-	-	0%	0%	-	-	-	-
Internally generated funds	22 286	2 241	24 526	21 026	-	3 500	86%	94%	-	-	-	26 296
Total Capital Funding	76 008	(20 187)	55 821	44 889	-	10 932	80%	59%	-	-	-	50 839

**APPENDIX E5
LANGEORG MUNICIPALITY
- Cash Flows**

LANGEORG MUNICIPALITY - Reconciliation of Table A7 Budgeted Cash Flows

Description R thousand	2017/18							2016/17
	Original Budget	Budget Adjustments (i.t.o. s28)	Final adjustments budget	Actual Outcome	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
	1	2	3	4	5	6	7	8
CASH FLOW FROM OPERATING ACTIVITIES								
Receipts								
Property rates, peanalties and collection charges	48 814	1 563	50 377	39 360	11 016	78.1%	80.6%	464 050
Service charges	405 495	(660)	404 835	406 274	(1 439)	100.4%	100.2%	-
Other revenue	20 291	4 195	24 486	32 974	(8 489)	134.7%	162.5%	-
Government - operating	115 936	1 686	117 622	103 375	14 246	87.9%	89.2%	112 853
Government - capital	33 598	12 520	46 118	31 200	14 918	67.7%	92.9%	23 964
Interest	9 463	(2 288)	7 174	10 773	(3 599)	150.2%	113.9%	8 743
Dividends	-	-	-	-	-	0.0%	0.0%	-
Payments								
Suppliers and employees	(580 556)	4 512	(576 045)	(543 641)	(32 403)	94.4%	93.6%	(541 625)
Finance charges	(12 543)	2 099	(10 445)	(2 256)	(8 189)	21.6%	18.0%	(2 897)
Transfers and Grants	(7 142)	(1 005)	(8 147)	(1 820)	(6 328)	22.3%	25.5%	(133)
NET CASH FROM/(USED) OPERATING ACTIVITIES	33 355	22 620	55 975	76 241	(20 266)	136.2%	228.6%	64 955
CASH FLOWS FROM INVESTING ACTIVITIES								
Receipts								
Proceeds on disposal of PPE	754	-	754	8 392	(7 638)	1113.6%	1113.6%	1 766
Decrease (Increase) in non-current debtors	-	(3 500)	(3 500)	-	(3 500)	0.0%	0.0%	-
Decrease (increase) other non-current receivables	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments	-	-	-	-	-	-	-	-
Payments								
Capital assets	(76 008)	20 722	(55 286)	(46 595)	(8 691)	84.3%	61.3%	(51 063)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(75 255)	17 222	(58 033)	(38 203)	(19 830)	65.8%	50.8%	(49 297)
CASH FLOWS FROM FINANCING ACTIVITIES								
Receipts								
Short term loans	-	-	-	-	-	-	-	-
Borrowing long term/refinancing	20 124	(20 124)	-	-	-	-	-	-
Increase (decrease) in consumer deposits	405	93	498	1 119	(620)	224.4%	276.2%	949
Payments								
Repayment of borrowing	(4 232)	-	(4 232)	(5 126)	894	121.1%	121.1%	(4 591)
NET CASH FROM/(USED) FINANCING ACTIVITIES	16 297	(20 031)	(3 734)	(4 007)	273	107.3%	-24.6%	(3 642)
NET INCREASE/ (DECREASE) IN CASH HELD	(25 603)	19 811	(5 792)	34 030	(39 822)	-587.6%	-132.9%	12 016
Cash/cash equivalents at the year begin:	129 875	(14 770)	115 105	115 105	0	100.0%	88.6%	103 088
Cash/cash equivalents at the year end:	104 272	5 041	109 313	149 135	(39 822)	136.4%	143.0%	115 105



CHAPTER SIX

Audit Findings

----- Original Message -----

Subject: RE: AUDIT PROGRESS

From: "Olkers,Ashley (DBE)"

To: Soyisile Mokweni

CC: "Adams,Sharonne (BE)" , "Hoosain, Naasirah" , "Van der Hoven, Gavin" , "Mehlomakhulu,Luthando (SM)"

Dear Mr Mokweni

Compliments of the new year to you and the officials at the Langeberg Municipality.

We will endeavour to have the Langeberg municipality's final management and audit reports issued to the municipality **by latest 24 January 2019** and therefore the municipality should continue to finalise the balance of its annual report for tabling by the end of January 2019.

If you have further queries in this regard, please do not hesitate to contact me.

Kind regards

Ashley Olkers

Deputy Business Executive • Western Cape • Auditor-General of South Africa

Tel: +27(0)21 528 4156 • Fax: +27(0)21 528 4200 • Mobile: +27(0)78 197 2521 • Email:

AshleyO@agsa.co.za

From: Soyisile Mokweni [<mailto:smokweni@langeberg.gov.za>]

Sent: Monday, 21 January 2019 8:26 AM

To: Adams,Sharonne (BE) <SharonneA@agsa.co.za>

Subject: AUDIT PROGRESS

With reference to our meeting held in your offices on 6 December 2018 I wish to enquire what progress has been made to finalize the decision with regard to:

1. Material non-compliance with the late submission of AFS,
2. The decision on the SCM matters that were referred to your technical division.

We have advertised the Annual Report as per your advice but we need the audit report that must be inserted.

Your urgent response will be highly appreciated.

Kind regards,

SOYISILE A MOKWENI

Municipal Manager

Langeberg Municipality

Private Bag X2

ASHTON

6705

+27236158001 (Office) +27828204036 (Mobile) smokweni@langeberg.gov.za Sent from my Huawei Mobile

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Report of the auditor-general to Western Cape Provincial Parliament and Council on Langeberg Municipality

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the Langeberg Municipality set out on pages 8 to 127 which comprise the statement of financial position as at 30 June 2018, the statement of financial performance, statement of changes in net assets and cash flow statement and the statement of comparison of budget information with actual information for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Langeberg Municipality as at 30 June 2018, and its financial performance and cash flows for the year then ended in accordance with the South African Standards of Generally Recognised Accounting Practice SA Standards of (GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2016 (Act No.3 of 2016) (DoRA).

Context for the opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of this auditor's report.
4. I am independent of the Municipality in accordance with the International Ethics Standards Board for Accountants' *Code of ethics for professional accountants* (IESBA code) and the ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of matters

6. I draw attention to the matter below. My opinion is not modified in respect of these matters.

Restatement of corresponding figures

7. As disclosed in note 41 and 42 to the financial statements, the corresponding figures for 30 June 2018 have been restated as a result of mSCOA reclassifications and errors respectively, discovered during 2017/2018 financial year in the financial statements of Langeberg Municipality at, and for the period ended 30 June 2017.

Material losses/impairments – trade debtors

8. As disclosed in note 32 to the financial statements, material losses to the amount of R8 million (2016/17: R22 million) were incurred as a result of a write-off of impairment of trade debtors.

Other matters

9. I draw attention to the matters below. My opinion is not modified in respect of these matters.

Unaudited disclosure notes

10. In terms of section 125(2)(e) of the MFMA the municipality is required to disclose particulars of non-compliance with the MFMA. This disclosure requirement did not form part of the audit of the financial statements and accordingly I do not express an opinion on note 49.8 to the financial statements.

Unaudited supplementary

11. The supplementary information set out on pages 128 to 137 does not form part of the financial statements and is presented as additional information. I have not audited these schedules and accordingly I do not express an opinion thereon.

Responsibilities of accounting officer for the financial statements

12. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the SA standards of GRAP and the requirements of the MFMA and DoRA and for such internal control as the accounting officer/determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
13. In preparing the financial statements, the accounting officer is responsible for assessing the Langeberg Municipality's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern basis of accounting unless the accounting officer either intends to liquidate the Municipality or to cease operations, or has no realistic alternative but to do so.

Auditor-general's responsibilities for the audit of the financial statements

14. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
15. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

Introduction and scope

16. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report material findings on the reported performance information against predetermined objectives for selected objectives presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.
17. My procedures address the reported performance information, which must be based on the approved performance planning documents of the Municipality. I have not evaluated the completeness and appropriateness of the performance indicators/ measures included in the planning documents. My procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
18. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected objectives presented in the annual performance report of the Municipality for the year ended 30 June 2018:

Objectives	Pages in the annual performance report
Strategic objective 4 – A responsive and accountable administration	78 – 82
Strategic objective 5 – Adherence to all laws and regulations applicable to local government	83 – 84

19. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
20. The material findings in respect of the usefulness and reliability of the selected objectives are as follows:

Strategic objective 4 – A responsive and accountable administration

21. The reported achievements in the annual performance report did not agree to the listings provided for the indicators listed below:

KPI ref.	Key Performance indicator	Reported performance	Audited performance	Audit difference	Misstatement occurrence rate
TL 18	Number of formal residential properties that receive piped water that is connected to the municipal water infrastructure network and which are billed for water or have pre-paid meters as at 30 June 2018	14585	13033	1552	11%
TL 19	Number of formal residential properties connected to the municipal electrical infrastructure network and which are billed for electricity or have pre-paid meters as (excluding Eskom areas) at 30 June 2018	19307	14528	4779	25%
TL 20	Number of formal residential properties connected to the municipal waste water sanitation/sewerage network for sewerage service, irrespective of the number of water closets (toilets) and which are billed for sanitation/ Sewerage as at 30 June 2018.	15041	13837	1204	8%
TL 21	Number of formal residential properties for which refuse is removed once per week and which are billed for refuse removal as at 30 June 2018	15079	14432	647	4%

22. I did not raise any material findings on the usefulness and reliability of the reported performance information for this objective:

23. Strategic objective 5 – Adherence to all laws and regulations applicable to local government

Other matters

24. I draw attention to the matters below.

Achievement of planned targets

25. Refer to the annual performance report on pages 70 to 84 for information on the achievement of planned targets for the year. This information should be considered in the context of the material findings on the usefulness and reliability of the reported performance information in paragraph 20 of this report.

Report on the audit of compliance with legislation

Introduction and scope

26. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the compliance of the Municipality with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.
27. The material findings on compliance with specific matters in key legislations are as follows:

Financial statements, performance and annual reports

28. The annual financial statements were not submitted to the Auditor-General, for auditing, within two months after the end of the financial year, as required by section 126(1)(a) of the MFMA.

Procurement and contract management

29. Bid specifications for some of the tenders were drafted in a biased manner and did not allow all potential suppliers to offer their goods or services, in contravention of SCM regulation 27(2)(a).
30. The performance of some of the contractors or providers was not monitored on a monthly basis, as required by section 116(2)(b) of the MFMA.
31. The contract performance and monitoring measures and methods were not sufficient to ensure effective contract management, as required by section 116(2)(c) of the MFMA.

Other information

32. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report which includes the audit committee's report. The other information does not include the financial statements, the auditor's report and those selected objectives presented in the annual performance report that have been specifically reported in this auditor's report.
33. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.
34. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected objectives presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
35. If, based on the work I have performed on the other information that I obtained prior to the date of this auditor's report, I conclude that there is a material misstatement in this other information, I am required to report that fact.

Internal control deficiencies

36. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on compliance with legislation included in this report.

Oversight responsibility

37. The corrective measures implemented by management to address the shortcomings of the financial system in producing mSCOA compliant annual financial statements, was not sufficient and timeous to prevent the late submission of the financial statements.

Compliance monitoring

38. The cost effectiveness and practicability was considered by the municipality as determining factors in the awarding of the contracts therefore the specifications drafted were biased towards suppliers situated in close proximity to the municipality.
39. Sufficient and appropriate audit evidence could not be provided by management to substantiate that the performance of contractors was monitored on a monthly basis and that performance measures implemented, were sufficient to ensure effective contract management.

Other reports

40. I draw attention to the following engagements conducted by various parties that had, or could have, an impact on the matters reported in the Municipality 's financial statements, reported performance information, compliance with applicable legislation and other related matters. These reports did not form part of my opinion on the financial statements or my findings on the reported performance information or compliance with legislation.
41. Hawks are conducting an investigation into allegations of fraud and corruption by municipal staff.

Cape Town

30 November 2018



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure – Auditor-general’s responsibility for the audit

1. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements, and the procedures performed on reported performance information for selected objectives and on the Municipality’s compliance with respect to the selected subject matters.

Financial statements

2. In addition to my responsibility for the audit of the financial statements as described in this auditor’s report, I also:
 - identify and assess the risks of material misstatement of the financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
 - obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Municipality’s internal control
 - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting officer
 - conclude on the appropriateness of the accounting officer’s use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Langeberg Municipality ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor’s report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor’s report. However, future events or conditions may cause a Municipality to cease continuing as a going concern
 - evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

Communication with those charged with governance

3. I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
4. I also confirm to the accounting officer that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on my independence and, where applicable, related safeguards.

Management report reference	Audit Finding AG	Recommendation	Management Response	Responsible Person	Proposed date when COMAF will be addressed
Page 35	COMAF 1: <u>Late Submission of Annual Financial Statements</u>	Management should implement action plans which are regularly monitored and corrective action timeously taken, to ensure that progress is continuously tracked to deliver mSCOA compliant financial statements monthly or quarterly in order reconciliations could be performed on time to detect any errors that could jeopardize the ability of the municipality to submit financial statements for audit within the legislated deadline. Management should reassess the resources available both relating to the financial system functionality and staff availability and take the necessary action to ensure compliance with mSCOA timeously.	Management notes that the Auditor General communicated in its conclusion on COMAF 1 of 2017/18 that the late submission of Langeberg Municipality's Annual Financial Statements for the year ended 30 June 2018 has been determined as material non-compliance at an Auditor-General of South Africa (AGSA) level as per the directive (government gazette number 41321) issued in terms of the PAA (paragraph 10). Langeberg Municipality disagrees with this auditor's conclusion as it is not in line with the Municipal Finance Management Act (MFMA), International Standards of Supreme Audit Institutions (ISSAI), International Standard on Assurance Engagements (ISAE) 3000 and government gazette 41321 issued in terms of the Public Audit Act (PAA).	Municipal Manager	30 June 2019
Page 148	COMAF 2: <u>Inconsistency of accounting policy with the asset management policy</u>	The municipality should update their asset management policy to be in line with the accounting policy disclosed in the annual financial statements.	<p>(a) Management takes note of the finding regarding the inconsistent subsequent measurement criteria for Investment Property between the Accounting Policy and Asset Management policy.</p> <p>(b) Management take note of the useful life differences between the accounting policy and the asset management policy. However, we do not agree with the finding that this is a non-compliance, due to the following reasons:</p> <ul style="list-style-type: none"> - The estimated useful life is the best estimate of the expected period for which the asset is to generate an inflow of economic benefits or service potential, thus this is not an 100% accurate time frame and is based on management's experience; - The Asset Management policy is used to determine the expected useful life of assets, over which assets are depreciated; - The estimate useful life used in the Asset Management policy is within the ranges of the Accounting Policy and is thus in line with the accounting policy; - The Asset Management Policy is predominantly used for operational purposes i.e. repairs and maintenance vs. renewal, optimal production vs replacement cost etc... <p>Where-as the Accounting policy is predominantly used for Annual Financial Statements purposes.</p> <p>There is no requirement which indicates that these should align 100%, especially taking into account that wide ranges are used as a guide to determining the useful life of an asset.</p>	Manager: Budget and Treasury Office	March 2019
Page 126	COMAF 3: <u>Infrastructure</u>	1. The municipality must ensure, that where any expansion or variation of tenders/contracts in excess of 20% of the	1 Section 116(3) of the MFMA deals with the amendment of a contract. The initial contract entered into with Shar was concluded with no amendments. The contract with Shar Civils was not amended and this section is therefore not applicable. A variation order was	Manager: SCM	Management disagrees with the recommendation.

Management report reference	Audit Finding AG	Recommendation	Management Response	Responsible Person	Proposed date when COMAF will be addressed
	<p>1. Expansion of contract exceeding 20% of the original contract value;</p> <p>2. Langeberg SCM policy not updated with National Treasury MFMA Circular No. 62</p>	<p>original contract value, be reported to council and be dealt with in terms of the provision of section 116(3) of the MFMA.</p> <p>2. The municipality must ensure that their SCM policy is updated with all requirements as recommended by National Treasury to ensure when the SCM process are followed, it complies with all requirements.</p>	<p>entered into with them after the Bid Adjudication Committee approved the recommendation of the Manager: Civil Engineering Services was approved to extend the contract, based on prices of their existing tender and compared with another contractor's prices which was also busy on a civil engineering project of the Municipality. Not only was the total of Shar R100 000 less than that of the other service provider, but in the process huge costs (approximately 22% of the tender price) were saved due to not having to pay for a company which had to incur settlement costs. The new contract was approved by the Accounting Officer in accordance with the delegated power contained in paragraph 35(2) of the Supply Chain Management Policy (SCMP) which states the following:</p> <p><i>"Extension/Expansion of Contracts</i> <i>Accounting Officer must as far as possible refrain from extending/expanding contracts and /or allowing variation orders as it increases the risks, reflects possible flaws in the planning process and it creates an uncompetitive environment, possible unfairly prejudicing other possible vendors.</i> <i>Accounting Officer may only extend contracts for up to a maximum period equal to the original contract period and in the case of expansions only up to a maximum amount equal to the original value of the contract. This power should only be executed if it makes economic sense and provided that such extension/expansion can be justified in terms of fairness, equitableness, transparency, competitiveness and cost-effectiveness."</i></p> <p>2 Section 111 of the MFMA determines that a municipality must have a supply chain management policy. Section 112 repeats the Constitutional imperative (found in section 217 thereof) that the system of procurement must be fair, equitable, transparent, competitive and cost effective. Section 217 (3) determines that: 'National legislation must prescribe a framework within which the policy referred to in subsection (2) must be implemented' (my emphasis). Subsection (2) refers to the procurement policy.</p> <p>3 The procurement policy of the Municipality (SCMP) was revised in 2017 and approved by the Municipality.</p> <p>4 MFMA Circular no. 62 is not applicable to the Langeberg Municipality. This circular does not comply with the Constitutional requirement as it is not embodied in national legislation. The circular can furthermore not be categorized as a 'prescribed regulatory framework'. The prescribed regulatory framework is contained in the Municipal Supply Chain Management Regulations as published under GN 868 in GG 27636 dated 30 May 2005. The SCMP of Langeberg Municipality complies with these regulations.</p> <p>5 If it is argued that the circular may be seen as issued in terms of section 168 of the MFMA, it is clear in that section that only the Minister of Finance may issue regulations or guidelines in concurrence with the Minister responsible for local government. In this case the circular was issued by an official (employee) of National Treasury.</p> <p>6 Please also take note that even if it is considered to be a guideline issued by the Minister (which it is not), in terms of section 168(3) it can only be binding on the municipality if the Council has adopted it, which did not happen.</p>		Refer to management response.

Management report reference	Audit Finding AG	Recommendation	Management Response	Responsible Person	Proposed date when COMAF will be addressed
			<p>7 The reason for these strict legal requirements is that the Constitution protects the integrity of a municipality to take its own decisions in section 168(1)(a) thereof by determining that "A Municipal Council makes decisions concerning the exercise of all the powers and the performance of all the functions of the municipality."</p> <p>8 Section 151(2) states that the executive and legislative authority is vested with its municipal council.</p> <p>9 The above begs the question how the Auditor General, in a regulatory audit, requires the Municipality to have complied with a circular which is not enforceable against any municipality, without ensuring that National Treasury complied with the applicable legislation and informing them accordingly.</p>		
Page 51	<p>COMAF 4: <u>Contracted out services (SCM)</u></p> <p>1. The municipality did not conduct a formal needs assessment/ cost benefit analysis before the decision was taken to go out on tender to appoint a service provider for the provision of a debt collecting and credit control support services for the municipality;</p> <p>2. The municipality did not ensure that the service provider commenced timely with the services after their appointment;</p> <p>3. The SLA between the municipality and In-Quest Collections did not specify specific</p>	<p>1. Prior to outsourcing services, needs assessments and cost benefit analysis should be conducted to determine the best option based on cost and benefits. This should include considerations such as whether internal capacity is available to undertake the specific project.</p> <p>2. The municipality must ensure that when service providers are appointed, the SLA is timely completed and approved to ensure that the service provider can commence with the contracted services.</p> <p>3. The municipality must ensure that the requirements of paragraph 48 of the municipality's SCM policy is adhered to when appointing a service provider on a contract providing for compensation based on turnover.</p> <p>4. The municipality should ensure that appropriate monitoring and control is exercised throughout the contract period to ensure</p>	<p>Par 1: Needs Assessment/ Cost Benefit Analysis</p> <p>There is no reference in the COMAF to the legal requirement which necessitates of a formal needs assessment, cost benefit analysis, reasons why the Municipality could not perform the work ourselves or the consideration of alternatives. The only such requirement is found in section 78 of the Systems Act. However, this section is not applicable to the tender as the service was already outsourced and subsequently there was no capacity in the Municipality to perform this function. The AG staff refer to the contract that was in place for the collection of arrear payments to the Municipality.</p> <p>It is also common knowledge in local government after several judgements of the Constitutional Court (CC), the Supreme Court of Appeal (ZASCA) and the Western Cape High Court (ZAWCHC) that section 78 of the Systems Act refers to municipal services as defined in the Systems Act and not to administrative processes. Imagine that the Municipality must get public input to appoint an attorney or any other service provider to collect unpaid monies. See in this regard inter alia the judgements of SAMWU v City of Cape Town 2003 (ZASCA), SAMWU v City of Cape Town 2002 (CC) and SAMWU v City of Cape Town 2005 (ZAWCHC).</p> <p>For the above reasons the Municipality cannot agree with the contents of paragraph 1 of the COMAF.</p> <p>Par 2: Delay in the Commencement of the Service</p> <p>The Municipality agrees that there was a long delay in the conclusion of the agreement and the inception of the service, but there were a number of reasons why this was delayed:</p> <ul style="list-style-type: none"> Langeberg Municipality has very little capacity with regard to senior experienced staff in its Finance Department, the same as other municipalities of similar size if not worse. An internal staff member was promoted to the position of CFO and his position as Manager: Budget Office, both in the previous financial year. The post of Senior Accountant: Financial statements remains vacant until now due to lack of a suitably 	Manager: SCM	On-going

Management report reference	Audit Finding AG	Recommendation	Management Response	Responsible Person	Proposed date when COMAF will be addressed
	<p>milestones, due dates or performance measures and targets and also the maximum amount (cap) payable to In-Quest Collections. This is contrary to paragraph 48 of the municipality's SCM Policy;</p> <p>4. The municipality did not ensure that the service provider adhered to all the conditions as stipulated in the tender and SLA;</p> <p>5. It was noted from the tender document that the service provider was required to supply and support a software system for the municipality to use in its credit control and debt collection activities. During a meeting held with the municipality on 9 October 2018 it was indicated that the software system had still not been supplied by the service provide;</p> <p>6. The municipality did not make</p>	<p>that conditions of the SLA are complied with.</p> <p>5. The municipality must ensure that all deliverables as specified in the tender/ contract is met.</p> <p>6. The municipality must ensure that penalties are included in the SLA and where the service provider does not comply with the requirements of the SLA, penalties should be imposed.</p>	<p>qualified person to appoint to this position. The contract was unfortunately awarded (end of October 2017) at a time when the Municipality was being audited, which required the attention of senior staff in that Department. After that the revision of the IDP and drafting of the new budget required a tremendous effort from senior staff due to new formats.</p> <ul style="list-style-type: none"> The contract was referred to the Council's legal adviser who recommended numerous amendments to the first draft agreement. This required numerous interaction with the service provider after which all (with one or two minor exceptions) of the recommendations of the legal adviser were written into the revised contract. Further meeting took place after the signing of the agreement in April regarding the logistical arrangements of the service provider. Unfortunately, the staff member who dealt with the request of the service provider for the debtor's list resigned which led to the delay in the supply of the list. The agreement was ultimately implemented from 1 July 2018. The Municipality had no option but to continue with the former service provider until the new service provider was appointed. This was not continued with until the new service provider was in place, but only until December 2017. <p>There was undoubtedly an inordinate delay in the implementation of the agreement, but in view of the explanations above, our request is that the reasons supplied be considered as justification of the late implementation as well as the continuation with the former service provider until the new service provider could take over from the former.</p> <p>Par 3: Performance Management</p> <p>Various clauses of the agreement refer to performance management i.e. clauses 4.1.6 where the Municipality's right to appoint a person to monitor and review the service provider's performance, 4.2.6, 4.3.14, 8.1.2 and ultimately 13.1 which gives the Municipality the right to give one month's notice to cancel the agreement. In practice, termination by notice still remains one of the best measures to ensure good performance.</p> <p>Regarding the reference to clause 48 of the SCMP and the setting of a cap, this clause is wrongly interpreted. This clause states clearly that it refers to the collector of fees, service charges or taxes and not arrear fees, service charges or taxes. It refers to the service providers which collect ordinary payments to the municipality. The words 'the compensation payable to the service provider is fixed as an agreed percentage of turnover for the service or the amount collected' can only be interpreted to mean the amount collected of the turnover for the service. It would be absurd to make this applicable to arrear payments as it refers to open-ended collections whereas arrear collections are individual and specified. In any case, in respect of arrears, the cap and performance is determined by the percentage of collection of such arrears and no payment if not collected. The cap is the percentage of 10% tendered, which amounts to 55.6% of the compensation paid to the previous collector (18%), a saving of 44.45%.</p>		

Management report reference	Audit Finding AG	Recommendation	Management Response	Responsible Person	Proposed date when COMAF will be addressed
	provision for a penalty clause in the SLA.		<p>Clause 48 of the SCMP is not applicable. This clause is a repeat of section 51 of the Supply Chain Management Regulations which was promulgated in 2005 and has never been interpreted at any municipality by the Auditor General in the way it is interpreted in the COMAF.</p> <p>This finding is not agreed with.</p> <p>Par 4: Conditions of the Tender and SLA not adhered to</p> <p>Although paragraph 4.2 refers to 'instances' where the contractor did not adhere to the agreement, it was only one instance and it was with the first payment. The Municipality immediately reacted and the mistakes were rectified. Subsequent payments were done in accordance with the agreement.</p> <p>The finding in 4.1 that the Municipality did not ensure that the service provider adhered to all conditions in the agreement would only have been correct if the Municipality did not detect the non-compliance. As the service provider did not comply in respect of the first payment and it was detected and rectified, the finding is incorrect as the Municipality did act on the non-compliance and will be corrected with the next invoice.</p> <p>Par 5: Supply of Software System as per Tender Document</p> <p>The supply of a software system would only have been necessary if information was required by the service provider which was not available in the current system. This was not done as the existing system is adequate. This is in fact preferable as the Municipality is prevented by the license of the existing software system to impose systems on it. Amendments can only be made if approved by the owner of the software system. There is no need for compliance with this tender requirement and the Municipality has the right not to enforce it. If, however a demand is received in the future from the arrear collection service provider for information not on the system, they will have to supply the software. Such a condition is included in tender documents as a safety measure (ex abundanti cautela).</p> <p>Par 6: Penalty Clause</p> <p>As the service provider is only paid on collection of arrears and payment thereof to the Municipality, there is no need for a penalty clause, as envisaged by the COMAF, in the agreement. If the service provider underperforms the agreement may be terminated by notice (clause 13.1) and without notice if there is a material breach (clause 13.5). Again, the paragraph quoted from the tender document is a standard condition which is included as an ex abundanti safety measure.</p> <p>If the AG is of the opinion that a penalty is called for because of an administrative error with the first account of the service provider it is unrealistic. The existing measures in the agreement seem appropriate for the type of agreement.</p>		

Management report reference	Audit Finding AG	Recommendation	Management Response	Responsible Person	Proposed date when COMAF will be addressed
			The recommendations in this COMAF are extremely valuable regarding all future tenders issued by the municipality and will be brought to the attention of all senior staff and those involved with the supply chain management processes.		
Page 60	COMAF 5: <u>Useful life of Leased Assets</u> During the audit of Property Plan and Equipment we identified that tablets obtained on contract between the municipality and Vodacom, were depreciated over a useful life period of 2 years which equates to the duration of the contract term.	<ol style="list-style-type: none"> 1. Physically inspect the condition of the asset at the end of each period to identify any changes in the useful life of the asset to be made. 2. Adjust carrying value of the leased assets to reflect the correct useful life as required by GRAP 13.34 3. Disclose a GRAP 3: Prior period error note to show the retrospective effect of the change in the useful life. 	Management takes note of the finding.	Manager: Budget and Treasury Office	On-going
Page 62	COMAF 6 - <u>Overstatement of investment property: Indicator of impairment</u> In verifying the existence of investment property we identified that Heidiland Kleuterskool was physically damaged and had been abandoned. No impairment was recorded in the financial statements in this regard	<ol style="list-style-type: none"> 1. Management needs to assess the extent of the damage and perform an impairment test in accordance with GRAP 26.20. 2. Management should also adjust the carrying amount of investment property in financial statements to reflect the changes due to the physical damage of the building in line with GRAP 14.07 and account for the impairment in the statement of financial performance accordingly. 	<p>Management disagrees with the finding as raised based on the following:</p> <p>GRAP 26. 20 states an entity shall assess at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the entity shall estimate the recoverable amount of the asset.</p> <p>GRAP 26.70 to 26.75 further deals with the recognition and measurement of an impairment loss on an individual asset, but there is no evidence that the impairment loss existed at 30 June 2018 which is the reporting date. The incident was only reported only on 04 July 2018 and to the knowledge of management this is the date that the impairment loss occurred and should be recognised which is after the reporting date.</p>	Director: Financial Services	14 November 2018
Page 65	COMAF 7: <u>Incorrect classification of investment property</u> While tracing investment property from the lease register to the fixed asset register the auditor detected	<ol style="list-style-type: none"> 1. Management should improve the communication between asset management and property division to ensure all buildings being leased, are correctly classified in the asset register 	<p>Management disagrees with the finding based on the following:</p> <p><u>INVESTMENT PROPERTY: COMAF 7</u></p> <p><u>As per GRAP 16 paragraph 5: Definition</u></p>	Director: Financial Services	Management disagrees with the recommendation. Refer to management response.

Management report reference	Audit Finding AG	Recommendation	Management Response	Responsible Person	Proposed date when COMAF will be addressed
	the below investment property which was incorrectly classified as community or other assets (a sub-classification of Property, plant and equipment) in the fixed asset register as at 30 June 2018.	<p>and recorded in the asset register.</p> <p>2. It is recommended that management should pass a journal to re-classify the assets from property, plant and equipment to investment property.</p>	<p><u>Investment property</u> is property (land or a building – or part of a building – or both) held (by the owner or by the lessee under a finance lease) to <u>earn rentals or for capital appreciation or both</u>, rather than for: (a) use in the production or supply of goods or services or for administrative purposes; or (b) sale in the ordinary course of operations.</p> <p><u>Owner-occupied property</u> is property held (by the owner or by the lessee under a finance lease) for use in the <u>production or supply of goods or services or for administrative purposes</u>.</p> <p><u>As per GRAP 16 paragraph 11 -13: Classification</u></p> <p>11. Investment property is held to earn rentals or for capital appreciation or both. Therefore, an investment property generates revenue largely independently of the other assets held by an entity. This distinguishes investment property from other land or buildings controlled by entities, including owner-occupied property. <u>The production or supply of goods or services (or the use of property for administrative purposes) can also generate revenue. For example, entities may use a building to provide goods or services to recipients in return for a fee, which is based on either a full or partial cost recovery. However, the building is held to facilitate the production of goods or services and the revenue is attributable not only to the building, but also to other assets used in the production or supply process. GRAP 17 applies to owner-occupied property.</u></p> <p>12. <u>In assessing whether a property is investment property or property, plant and equipment, it is not relevant how much revenue is generated through the activity, but rather why the activity is being undertaken. If the entity merely earns revenue from the use of the property, then it may be appropriate to classify it as investment property. However, if the entity earns revenue because providing such facilities is part of its mandated functions, or because it provides goods or services using both the property and its other assets, then it may be appropriate to classify the property as property, plant and equipment.</u></p> <p><u>As per GRAP 26 paragraph 15: Leases</u></p> <p>15. <u>The existence of a lease does not in itself mean that the property is an investment property.</u> An entity can also lease properties which are classified as property, plant and equipment. However, property that is leased to another entity under a finance lease is not investment property (see GRAP 13).</p> <p><u>As per GRAP 26 paragraph 18 (b): Examples of items that are not investment property and are within the scope of GRAP 17:</u></p> <p>Property held to provide goods and services and which also generates revenue. These properties are typically used by entities to <u>fulfil their mandated function</u> to provide certain goods</p>		

Management report reference	Audit Finding AG	Recommendation	Management Response	Responsible Person	Proposed date when COMAF will be addressed
			<p>and or services <u>rather than for rentals or capital appreciation</u>. Rental revenue generated is often <u>incidental</u> to the purposes for which the property is held.</p> <p><u>GRAP 26 paragraph 18: Example of items that are not Investment Property:</u></p> <p>(a) (iii) property <u>occupied by employees such as housing</u> for military, official or similar personnel which <u>are required as part of their employment</u> to be located in a specific area <u>(whether or not the employees pay rent at market rates)</u>;</p> <p>(b) Property held to provide goods and services and which also generates revenue. These properties are typically used by entities to fulfil their mandated function to provide certain goods and or services rather than for rentals or capital appreciation. Rental revenue generated is often incidental to the purposes for which the property is held. Examples of these properties include:</p> <p>(i) <u>Housing</u>: An entity may hold a large housing stock used to provide housing to low income families, or to provide housing to communities at affordable rates closer to their places of employment. Where the <u>provision of housing is within the entity's mandate, the property is held to fulfil its mandate to provide housing services rather than to generate rental revenue.</u></p> <p>Evidence of the above:</p> <p>See Employee number 774 on Municipal Organogram to confirm that the lessee is an employee of Langeberg Municipality.</p> <p><u>As per GRAP 26 paragraph 19:</u></p> <p>Some entities hold <u>property to deliver goods and services rather than to earn rental or for capital appreciation</u>. In such situations the property will not meet the definition of investment property as <u>its main purpose is the delivery of goods and services</u>. This Standard is applicable <u>if the main purpose and most significant use of the property is to earn rental or for capital appreciation</u>. For example, when an entity owns a building, mainly used for the delivery of social housing but rents out a floor of the building to shops, banks and other external parties, the building should be accounted for as property, plant and equipment as its main purpose and most significant use is the provision of social services. This should be the case irrespective of whether the rental earned from the one floor of the building is significant in relation to the rental earned from the remainder of the building.</p> <p><u>Conclusion:</u></p>		

Management report reference	Audit Finding AG	Recommendation	Management Response	Responsible Person	Proposed date when COMAF will be addressed
			<p>Therefore, based on the above the three properties identified would not be classified as Investment Property, as the properties would be used to fulfil their mandated function to provide certain goods and or services rather than for rentals or capital appreciation.</p> <p>The services provided are community services as per the mandate. For example the one house is at the swimming pool facilities. The house is there to ensure that the community asset is safeguarded against vandalism, hence an employee resides there. The property's main purpose is to deliver community services.</p> <p>Further the properties were identified by the auditor from the lease register however as per GRAP 26 paragraph 15, the existence of a lease itself does not mean that the property is investment property. Further evaluation is needed based on paragraph 5 – 19 and the classification cannot be solely based on the fact that the property is on the lease register.</p>		
Page 144	<p>COMAF 8: <u>Control deficiencies identified in the use of Consultants</u></p> <ol style="list-style-type: none"> 1. The municipality did not have a formal consultancy reduction plan; 2. The municipality does not perform a gap analysis (No gap analysis report) prior to contracting with consultants to confirm that the municipality does not have the requisite skills or resources in its permanent employment to perform the services required; 	<p>The municipality should therefore:</p> <ol style="list-style-type: none"> 1. Develop and implement a consultancy reduction plan. 2. Perform a documented gap analysis prior to the appointment of a consultant 3. Develop and implement a method to monitor the transfer of skills from the consultant to the municipality. 4. The municipality should update their supply chain management policy to include: <ul style="list-style-type: none"> • main purposes and objective for appointing consultants • measures to address over reliance on consultants 	<p>Management Disagrees with the finding</p> <ol style="list-style-type: none"> 1. The Langeberg Municipality does not use consultants habitually for its operations and that is why it does not have a consultancy reduction plan. Consequently, the Municipality does not have a huge number of consultants that warrants us to have a reduction plan. So there is no need for the Municipality to have a consultancy reduction plan. <p>However, the Municipality only uses consultants when it is confronted with abnormal/ unforeseen circumstances where these circumstances are beyond the Municipality's control and where the Municipality does not have the internal capacity to execute the tasks at hand. For instance, during the implementation of mSCOA the Municipality had to use Mubesko as consultants, because mSCOA is a new business reform and the municipality did not have capacity to implement mSCOA. Subsequently the Municipality has created a permanent position on its organogram for an mSCOA specialist so that in future this task can be performed internally.</p> <p>1.2 Furthermore, the Statutory Meeting of Council on 16 May 2016 Unanimously Resolved</p> <ul style="list-style-type: none"> • That MFMA Circular No.82 on Cost Containment Measures be noted in principle with the approval of the budget, but that this Municipality will adopt the most cost effective measures for Langeberg Municipality. 	Manager: SCM	Management disagrees with the finding. Refer to management response.

Management report reference	Audit Finding AG	Recommendation	Management Response	Responsible Person	Proposed date when COMAF will be addressed
	<p>3. The municipality does not formally monitor the transfer of skills from the consultant to the municipality. Given that the municipality has implemented this clause in the service level agreement/contract as its consultancy reduction plan, the municipality should have implemented a method to monitor the transfer;</p> <p>4. The Supply Chain Management policy does not: i) Define the main purposes and objective for appointing consultants; ii) include measures to address over reliance on consultants.</p>		<p>1.3 Therefore, during abnormal/ unforeseen circumstances where Langeberg Municipality has to make use of consultants as described above, the Municipality takes into cognizance the content of MFMA circular 82 as it was noted by the municipal council.</p> <p>1.4 Whereas the Langeberg Municipality SCM Policy was reviewed in 2017 consists of three parts that must be read together with this Policy: -The first part is the Supply Chain Management Policy, adopted in terms of section 111 of the Local Government: Municipal Finance Management Act, No. 56 of 2003 and the Municipal Supply Chain Management Regulations; The second part is the Supply Chain Management Regulations, GN 868 in GG 27636 dated 30 May 2005, as amended from time to time and promulgated in terms of section 168 of the Municipal Finance Management Act. Therefore, our SCMP give effect to all Treasury guidelines. The third part is the Preferential Procurement Regulations, R 32 in GG 40533 dated 20 January 2017, as amended from time to time, and promulgated in terms of section 5 of the Preferential Policy Framework Act, Act No. 5 of 2000, which, together with the Supply Chain Management Policy, forms the preferential procurement policy.</p> <p>1.5 Therefore, in case of the Municipality using consultants in abnormal/ unforeseen circumstances as described above, we take into cognizance the content of MFMA circular 82 as it was noted by the municipal council.</p> <p>2. Consultants are only appointed where the municipality does not have the internal expertise/skills eg. mSCOA specialist. A Gap analysis can be viewed from the municipal organogram.</p> <p>3. When the Municipality makes use of consultants it includes a clause in the SLA which ensures that the transfer of skills from the consultant to the municipality is incorporated in the agreement. This is then further monitored as part of the monthly performance reports and part of the monitoring tool for consultants.</p> <p>4. Langeberg Municipality's SCM policy paragraph 27, makes provision for the appointment of consultants as per below:</p> <p>Appointment of Consultant When procuring consulting services, the Accounting Officer takes into account any Treasury guidelines. In addition to any requirements prescribed by this Policy for competitive bids, bidders must furnish particulars of all consultancy services provided to an organ of state in the last 5 (five) years, specifying similar services.</p>		

Management report reference	Audit Finding AG	Recommendation	Management Response	Responsible Person	Proposed date when COMAF will be addressed
			The Accounting Officer must ensure that copyright in any document produced, and the patent rights or ownership in any plant, machinery, thing, system or process designed or devised by the consultant in the course of the consultancy service, will be vested in the Municipality.		
Page 69	COMAF 9: <u>Disclosure of deviations approved by the Accounting Officer in terms of Regulation 36 (1) (a) & (b)</u> Disclosure Note 49.7 of the financial statements, does not disclose the rand value per deviation type. This presentation makes it challenging for the user of the financial statements to assess the financial impact of the deviation per category. In addition to the finding above, during recalculation of the deviations per the deviations register, it was found that the amounts disclosed in Note 49.7 doesn't agree to the summary per month as per the deviations register	<ol style="list-style-type: none"> 1. The municipality should amend the disclosure note to include the cumulative value (per month) per type of deviation in Note 49.7. 2. The municipality should review the deviations register used to prepare Note 49.7 to ensure accuracy of the disclosure for all the months in the financial year. 	<p><u>Management comment on the audit finding:</u></p> <p><u>Disclosure Note 49.7 of the financial statements, does not disclose the rand value per deviation type.</u></p> <p>Paragraph 122 - 125 of the Municipal Finance Management Act no.56 of 2003 set out the compulsory requirements for the compilation of annual financial statements by a municipality.</p> <p>As per paragraph 125(2)(d)(i) the municipality is required to disclose the particulars of any material losses and <u>any material irregular or fruitless and wasteful expenditures</u>, including in the case of a municipality, any material unauthorised expenditure, <u>that occurred during the financial year</u> and whether these are recoverable;</p> <p>The paragraph does not indicate that the disclosure of deviations is a compulsory requirement.</p> <p>The purpose of paragraph 36(1) of the Supply Chain Management Regulations is to provide guidance on the compilation of Supply Chain Management Policy within a municipality and is not a disclosure guideline. It sets out the five categories for when the Accounting Officer is allowed to deviate from the Supply Chain Management Policy namely:</p> <ol style="list-style-type: none"> (i) In an emergency (ii) If such goods or services are produced or available from a single service provider only; (iii) for the acquisition of special works of art or historical objects where specifications are difficult to comply; (iv) acquisitions of animals for zoos; (v) in any other exception case where it is impractical or impossible to follow the official procurement processes, <p>The paragraph indicates that this is the approved categories when deviation is allowed and does not set out a requirement that disclosure should be made on the value per category. The disclosure of the deviations is not a GRAP requirement.</p> <p>As per paragraph 122(3) of the Municipal Finance Management Act no.56 of 2003 the municipality is required to prepare their annual financial statements in accordance with the</p>	Manager: SCM	9 November 2018

Management report reference	Audit Finding AG	Recommendation	Management Response	Responsible Person	Proposed date when COMAF will be addressed
			<p>generally recognised accounting practice prescribed in terms of section 91(1)(b) of the Public Finance Management Act.</p> <p>The prescribed accounting standard for the compilation of annual financial statements is GRAP.</p> <p>Therefore, we do not agree that the current presentation of note 49.7 would influence the understanding of the user of the financial statements, as all required disclosures have been included.</p> <p><u>Reconciliation between the deviation register and the disclosure note:</u></p> <p><u>In addition to the finding above, during recalculation of the deviations per the deviations register, it was found that the amounts disclosed in Note 49.7 doesn't agree to the summary per month as per the deviations register.</u></p> <p>The monthly deviation registers as submitted was reconciled to the AFS note (see reconciliation attached). The whole population was checked and the misstatement was R 557 and the note will be updated accordingly.</p> <p>As per GRAP 1 paragraph 05 a material omission or misstatement is defined as:</p> <p><u>Material omissions or misstatements</u> of items are material if they could, <u>individually or collectively, influence the decisions or assessments of users</u> made on the basis of the financial statements. Materiality <u>depends on the nature or size</u> of the omission or misstatement judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor.</p> <p>Therefore, due to the size of the difference, this would not have an impact on the understanding of the user of the financial statements. The financial statements would still be presented fairly in all material aspects as per the requirements of GRAP and the requirements of the Municipal Finance Management Act of South Africa no.56 of 2003.</p>		
Page 44	COMAF 10: Reported performance information does not agree to supporting evidence	1. Management must take steps to ensure that each indicator is accompanied by a supporting schedule which reconciles to the portfolio of evidence. During the review of performance information, management must prepare reconciliations to confirm that the reported	<p>Management partially disagrees with the audit finding raised by the AG as follows:</p> <ol style="list-style-type: none"> 1. Duplication of accounts The duplication of accounts does not mean there is a duplication in the reporting of properties with access to services. The accounts in the lists appear for each meter connected to a separate property in the same ERF/plot. This is because some ERFs/land plots have more than one property. This means that for one account there can be multiple meters connected in multiple properties which are in one ERF/land plot. This is typical where there are flats built in one ERF and each flat/unit has a 	Manager: Revenue Services	On-going

Management report reference	Audit Finding AG	Recommendation	Management Response	Responsible Person	Proposed date when COMAF will be addressed
		<p>performance as per the APR agrees to the supporting schedules and portfolio of evidence.</p> <p>2. It is further recommended that management regularly review and update standard operating procedures relating to the collection, collation and reporting of performance information to ensure the accuracy and relevance.</p> <p>3. In addition, management should adjust the annual performance report to agree with the evidence provided. Where performance targets have not been met, management should provide adequate reasons for the non-achievement of the target.</p>	<p>separate meter providing municipal services to that separate household. It is also typical in farms where there are several households in one farm with each household having its own meter. Now in such cases there is only one account for the ERF/Plot and multiple meters for each property in that plot. The account is in the name of the owner of the ERF but the meters are for each property receiving services from the municipality. Therefore, this is not a duplication in reporting.</p> <p>The above was explained to the AGSA in a meeting held on the 6th November 2018 in Ashton where the Audit Manager was present.</p> <p>2. Inclusion of non-residential properties. Management agrees with the AGSA that in some cases non-residential properties were erroneously reported as residential properties</p>		
Page 73	<p>COMAF 11: <u>Disclosures in terms of the Municipal Supply Chain Management Regulations</u></p> <p>1. Deviations not in line with regulations 36 and regulation 17 requirements;</p> <p>2. During the testing of the deviations it was noted that the deviations included in Note 49.7, as listed, did not agree to the schedule of deviations on Collaborator in</p>	<p>1. Management must ensure that before deviations are approved they meet the requirements of the supply chain management regulations.</p> <p>2. Management must adjust the financial statements to disclose the irregular expenditure identified in terms of the MFMA disclosure requirements.</p> <p>3. Management must recalculate the number of instances per month per category of deviations and adjust the financial statements to correctly</p>	<p>Management disagrees with the finding due to the following details:</p> <p>(a) Glynel International The dates stipulated by the AGSA are incorrect because firstly the <u>work commenced on the 7th of May 2018</u> and not on the 2nd of May 2018. On the 2nd of May 2018 only then the signed engagement letter was sent to Langeberg Municipality and Glynel International explicitly stated in their email that they will only be commencing with the work on the 7th of May 2018 which was after the verification of the tax matters of Glynel International. See attached email from Glynel International confirming the aforementioned.</p> <p>Furthermore, to say that the MM approved the award before the commencement date is fundamentally wrong as from the same attached letter dated 26 April 2018 from Glynel International it is clear that the MM by the 26 April 2018 had already approved the appointment as the letter states "<i>Confirmation of our appointment</i>" and this letter was addressed to the MM which clearly means the MM had approved as he was the addressee.</p> <p>The declaration of interest was also signed on the 26 April 2018 (see attached) which is before the commencement of work.</p>	Manager: SCM	On-going

Management report reference	Audit Finding AG	Recommendation	Management Response	Responsible Person	Proposed date when COMAF will be addressed
	<p>respect of the type of deviation;</p> <p>3. Upon inspection of Note 49.7, it was identified that comparatives were not disclosed.</p> <p>4. Supply Chain Management policy not in line with Supply Chain Management Regulations.</p>	<p>disclose the deviations as per the collaborator schedule.</p> <p>4. Management must adjust disclosure Note 49.7 to ensure it includes comparatives.</p> <p>5. Management should consider making use of the central supplier database to verify the suppliers tax status and disclosure of interest at the time of the awards, saving time, resources and assisting in the adherence of the supply chain management regulations.</p> <p>6. Management should update the Supply Chain Management Policy to be in line with the Supply Chain Management regulations.</p>	<p>The AGSA saying that the Municipality should have advertised the specifications discreetly makes in no way any sense. Firstly, the sentence in its self is an irony. To advertise and to be discrete are two different things which mean absolutely the opposite of each other. Secondly, when following the competitive bidding process, the municipality should be transparent. This is per the principles of competitive bidding stipulated in the regulations and in the MFMA. Now for the AGSA to recommend that the municipality should have followed a competitive bidding process and at the same time that the municipality should have been discrete in the specifications is fundamentally in contravention of the principles of competitive bidding as per the SCM regulations and the MFMA. Therefore, the municipality was well within its rights to deviate from competitive bidding.</p> <p>(b) BYTES SYSTEMS INTEGRATION A DIVISION OF ALTRON TMT PTY (LTD) Based on the prior price that the Municipality in 2017 obtained the NetApp for, which was R102 524.25 (See attached quotation). The Management of Langeberg used this knowledge to follow a formal quotation process when advertising. This is because even when taking an average inflation rate of 7% the expected price was R109 700.94 and was way below R200 000.</p> <p>After advertising no response was obtained from any supplier and thereafter the municipality decided to follow section 4.7.8 of the National Treasury Supply Chain Guidelines (See attached page 32) because the non-response was a clear indication of limited competition. The municipality then approached 10 suppliers of which only one supplier responded and that was Bytes.</p> <p>(c) CQS GRC SOLUTIONS (PTY) LTD After performing a market analysis, it was concluded that ACL is the only supplier that is able to host the software on the cloud instead of a server and at the same time also provides both Audit & risk management and Data analytics in one system and also be cloud based and provide desktop licenses. This means with the use of ACL there will be no dependence on IT resources and in-house IT service costs. ACL also provides customer services that are web based. A server will mean additional costs and will also need extra controls to manage and maintain the server. Extra costs of acquiring a dedicated server for a software were attached in the cost comparison schedule. These were included in the calculations to indicate their effect. After thorough consideration of the different packages it was decided that it would be impractical for the municipality to source different systems for internal audit, risk management and data analytics as these fall in the ambit of one unit in the municipality which is the Internal audit and Risk management unit. The use of one system that caters for all these modules will increase efficiencies due to integration and will allow for seamless reporting and flow of information between the different modules.</p>		

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			<p>Another added benefit is that should adjustments or updates need to be done on one module, the other modules will also automatically be aligned and thus cause less system frustrations. This will also eliminate the risk of one vendor blaming the other should the systems not integrate seamlessly. All supporting documents pertaining to this were already submitted to the AGSA</p> <p><u>Furthermore, Cape Nature in 2016 also conducted a research on internal audit software and came to the same conclusion as Langeberg that it is impractical to go on a competitive bid as ACL is the only software that is cloud based. This further indicates that the research conducted by Langeberg was adequate. The AGSA also selected this deviation from Cape Nature and did not raise a finding meaning that the deviation was valid.</u></p> <p><u>The municipality would appreciate if the AGSA could base its finding on facts and proof that other suppliers could have provided the municipality with a similar product to what Langeberg obtained, because contrary with the AGSA being able to prove their stance with factual evidence the finding is frivolous and unsubstantiated.</u></p> <p>It should also be noted that drafting specifications that the 3 softwares should be from one bidder and should be cloud based would have been bias and in contravention of Regulation 27(2) Bid Specifications should be Unbiased. As this would have meant only CQS would tender. It should be noted that the goods are available from other suppliers, but only CQS has all three Which are seamlessly integrated as per the research, but it is impractical to source from these suppliers as they don't have all three modules and hence no seamless integration. Hence this cannot be classified as a sole supplier but impractical.</p> <p>Deviations incorrectly classified in Note 49.7</p> <p>Management agrees with the audit finding as raised, corrected the note.</p> <p><u>Deviations Comparatives Not Disclosed</u></p> <p>Management disagrees with the audit finding as raised.</p> <p>Note 49.7, pertaining to deviations, is part of the disclosures in terms of the Municipal Supply Chain Management Regulations – Promulgated by Government Gazette 27636 dated 30 May 2005), and NOT GRAP REQUIREMENTS. The SCM Regulations do not require the disclosure of comparative information.</p> <p>Note 49 clearly stipulates that the note refers to additional disclosure, in terms of the MFMA. As the MFMA does not specify that comparative information regarding to deviations should be disclosed, this was consequently not done. This is in line with:</p> <ol style="list-style-type: none"> 1) Previous years' disclosure, with no findings raised by the auditors in previous years; 2) Our understanding of MFMA disclosure requirements; and 3) The way many other municipalities with clean audit outcomes (e.g. Knysna Municipality, George Municipality as well as Swartland Municipality) have reported this in their financial statements, also for many years. 		

Management report reference	Audit Finding AG	Recommendation	Management Response	Responsible Person	Proposed date when COMAF will be addressed
			<p>To refer to a GRAP requirement to a section of the notes of the AFS, where it is clearly stipulated that it is part of another disclosure requirement (i.e. not GRAP), is in our opinion incorrect.</p> <p>Paragraph 13(3) of the Supply Chain Management Policy excludes the following services from the supply chain management process Langeberg Municipality kindly requests the AGSA to be specific as to which section and paragraph the AGSA is referring to so that the Municipality can respond accordingly. Currently the AGSA has made reference to the regulations as a whole with no emphasis on any specific section.</p>		
Page 81	<p>COMAF 12: <u>Disclosures in terms of GRAP 1 and the MFMA 56 OF 2003</u></p> <p>In the auditing of the financial statement and its corresponding notes, it was identified that the capital commitments disclosed in note 50 have been misstated. The expenditure incurred with regards to capital projects has not been accurately excluded, resulting in the capital commitment being misstated.</p>	<ol style="list-style-type: none"> 1. Management must implement a review register/log to ensure that the contract register which is used to compile the commitment register is updated adequately as payments are made. 2. Management must adjust the financial statements to disclose the commitments accurately. 	<p>Management agrees with the audit finding, the financial statements will be adjusted accordingly to reflect commitments accurately</p>	Director: Financial Services	30 November 2018
Page 84	<p>COMAF 13: <u>Reported performance information does not agree to supporting evidence</u></p>	<ol style="list-style-type: none"> 1. Management must take steps to ensure that each indicator is accompanied by a supporting schedule which reconciles to the portfolio of evidence. During the review of performance information, management must prepare reconciliations to confirm that the reported performance as per the APR agrees to the supporting 	<p>Duplication of accounts</p> <p>The duplication of accounts does not mean there is a duplication in the reporting of properties with access to services. The accounts in the lists appear for each meter connected to a separate property in the same ERF/plot. This is because some ERFs/land plots have more than one property. This means that for one account there can be multiple meters connected in multiple properties which are in one ERF/land plot. This is typical where there are flats built in one ERF and each flat/unit has a separate meter providing municipal services to that separate household. It is also typical in farms where there are several households in one farm with each household having its own meter. Now in such cases there is only one account for the ERF/Plot and multiple meters for each property in that plot. The account is in the name of the owner of the ERF but the meters are for each property receiving services from the municipality. Therefore, this is not a duplication in reporting.</p>	Manager: Revenue Services	On-going

Management report reference	Audit Finding AG	Recommendation	Management Response	Responsible Person	Proposed date when COMAF will be addressed
		<p>schedules and portfolio of evidence.</p> <p>2. It is further recommended that management regularly review and update standard operating procedures relating to the collection, collation and reporting of performance information to ensure the accuracy and relevance.</p> <p>3. In addition, management should adjust the annual performance report to agree with the evidence provided. Where performance targets have not been met, management should provide adequate reasons for the non-achievement of the target.</p>	<p>The above was explained to the AGSA in a meeting held on the 6th November 2018 in Ashton where the Audit Manager was present.</p>		
Page 85	<p>COMAF 14: <u>Regulation 27(2) Bid Specifications should be Unbiased</u></p> <p>During the testing of tenders, it was noted that the specifications for the listed awards were biased</p>	<p>Management must draft the specifications in a manner that is not biased towards certain suppliers or brands and the principles such as cost effectiveness and practicability should be considered in the points calculation and functionality criteria.</p>	<p>Management disagrees with the finding based on the below facts:</p> <p>(a) In terms of section 217 of the Constitution of the Republic of South Africa requires an organ of state in the local sphere of government, when contracting for goods or services, to do that in accordance with a system which is fair, equitable, transparent, competitive and cost-effective</p> <p>SCMP - System of demand management</p> <p>12 (3) Benefits of Demand Management</p> <p>The aims of demand management are to achieve: -</p> <ul style="list-style-type: none"> - best value for money; - better risk management; - more efficient procurement; 	<p>Manager: SCM</p>	<p>Management disagrees with the audit finding. Refer to management response.</p>

Management report reference	Audit Finding AG	Recommendation	Management Response	Responsible Person	Proposed date when COMAF will be addressed
			<ul style="list-style-type: none"> - improvements in procurement outcomes; - more opportunities for innovating bidding and contract management; - more opportunities for implementing and achieving National Government's broader policy objectives; - effective partnership between supply chain management practitioners and end-users. <p>Taking into consideration section 217 Constitution of the Republic of South Africa, council SCM Policy paragraph 12(3) and the operational requirements as well as the financial implications, it was justifiable and was within the SCM best practice to reinforce our bid, by including a radius as a condition in the bid doc in order to get value for money.</p> <p>It also makes business sense to include a radius when purchasing vehicles or machinery so that you can be able to transport them to the nearest workshop for service or maintenance without paying an extra cost for transport to far places like for instance, a services provider who has a workshop in another province.</p> <p>(b) Langeberg Municipality had standardised on HP, Apple, Epson, APC, Acer, Mikrotik, NetApp, and Microsoft Brands as the municipality's platform and infrastructure are already based on these brands.</p> <ul style="list-style-type: none"> - It is the preferred brands as the existing installed platforms and applications are compatible with these brands. - The municipality's technical team is familiar with the support of these brands. - The technical architecture adopted by the Municipality is based on these brands. <p>Based on the above it is evident that the Langeberg municipality have adopted to standardized on these products as it is practically compatible to our existing platforms. Therefore, it would have been a fruitless exercise not to specify the model and brands that fits to our current platforms as that would lead to acquiring products that are not compatible to our municipality's existing platforms and would have led to fruitless expenditure as the products would have been useless.</p>		
Page 87	COMAF 15: <u>Tax Affairs Not Verified</u> Upon inspecting Tender 06/2017, it was identified that the tax clearance certificate	1. Management must do an assessment of the period the awards was advertised for to ensure it is in compliance with the supply chain management	<p>Management comment on audit finding: Management disagrees with the audit finding. Details of the disagreement are further stated below:</p> <p>A) Tax Affairs Not Verified</p>	Manager: SCM	Management disagrees with the audit finding. Refer to management response.

Management report reference	Audit Finding AG	Recommendation	Management Response	Responsible Person	Proposed date when COMAF will be addressed
	<p>expired before date of evaluation by the adjudication committee and before the date of the award.</p> <p><u>Advert Modification</u> Upon inspection of the website, it was identified that Tender No.42/2017 did not have an advert placed</p>	<p>regulations, before granting approval to close it.</p> <p>2. Management must during their assessment of the award, obtain and review evidence that the award was advertised for the required number of days and ensure it is easily accessible for enquiries for verifications to be performed post the award.</p>	<p>The Municipal Supply Chain Management Regulation 13 (a) and (b) states the following: A supply chain management policy must state that the municipality or municipal entity may not consider a written quotation or bid unless the provider who submitted the quotation or bid -</p> <p>a) has furnished the municipality or municipal entity with that provider's -</p> <p>(i) full name;</p> <p>(ii) identification number or company or other registration number; and</p> <p>(iii) tax reference number and VAT registration number, if any;</p> <p>b) has authorized the municipality or municipal entity to obtain a tax clearance from the South African Revenue Services that the provider's tax matters are in order;</p> <p>The AGSA's interpretation of this regulation is incorrect as the regulation specifically states that the supplier should provide the municipality with the tax reference number and should also authorize the municipality to obtain a tax clearance from SARS. This section says nothing about the evaluation of the bid.</p> <p>Furthermore, the bid closed on the 12th of June 2017 and the tax clearance submitted by the supplier was still valid at that time, so the Municipality was well within its rights to consider the bid. This also means that the supplier met the preconditions stipulated in regulation 13 as the tax certificate submitted by the supplier contained the tax reference number of the supplier.</p> <p>Additional to the above please find attached tax clearance certificate indicating that the tax matters of the supplier were valid during the time of evaluation and also when the award was made.</p> <p>It should also be noted that the municipality checks the tax matters of suppliers each time an order is processed therefore payments are only made to suppliers whose tax matters are in order and this means that no irregular expenditure can be incurred in this regard.</p> <p>B) Advert Modification Please find attached email correspondence dated 4th September 2017 as proof that the advertisement was uploaded on the Municipal website on the 4th September 2017 (see attached).</p>		

Management report reference	Audit Finding AG	Recommendation	Management Response	Responsible Person	Proposed date when COMAF will be addressed
			<p>Please also note that the advert was also placed on the Weekend Argus on the 2nd September 2017. See attached newspaper.</p> <p>Further note that when advertisements close they are moved to the archives. So when the AGSA requested proof of the advert it had to be fetched from the archives and hence the date of modification was the date of the audit enquiry. Please also see attached email from Communications explaining the above with also screenshots.</p>		
Page 112	<p>COMAF 17: <u>Local production and content</u></p> <p>During the testing of the following formal written quotations it was noted that the formal written quotation process did not comply with section 9 of the Preferential Procurement Policy Framework Act as</p> <ul style="list-style-type: none"> The bid specification did not specify the minimum threshold for local production and content (required to be not less than the threshold prescribed in the relevant NT Instruction Notes) The winning provider did not furnish the auditee with the declaration on local production and content. The winning service provider did not meet the minimum threshold for local production and content. 	<ol style="list-style-type: none"> Management must ensure that the bid specification and advertisement specify the minimum threshold for local production and content (required to be not less than the threshold prescribed in the relevant NT Instruction Notes). Management should ensure that the bid documentation includes a declaration on local production and content. The bid evaluation committee should ensure that only bids that meet the minimum threshold for local production and content will be considered. Management must adjust the financial statements to disclose the irregular expenditure identified in terms of the MFMA disclosure requirements 	<p>Disagree with the finding as per below facts: The bid specifications for our 16 Channel VHF Analog (upgradeable to Digital – TDMA) Radios falls outside the scope of the Radios Designation, by National Treasury. Therefore, there is no Local Content threshold requirement on the 16 Channel VHF Analog (upgradeable to Digital – TDMA) Radios.</p> <p>As our specifications were different from the requirement of the Local content we acquired: 16 Channel VHF Analog (upgradeable to Digital – TDMA) Radios complete with rapid charger, battery and antenna with the following specifications: 16 Channel VHF Analog (upgradeable to Digital – TDMA) Radios Designation.</p> <ul style="list-style-type: none"> - Frequency 136 – 174 MHz - Transmitter Power 5 Watt - Receiver Sensitivity (12 dB SINAD) 0.3 uV / 0.22uV (typical) - Channel Spacing 12.5kHz / 20 KHz / 25kHz - Rated audio 0.5W (Internal) - Voice Announcement - Digital Mobile Radio (DMR) Standards Compliant - IP54 Rated <p>None of the above requirements are the same as the NT instruction notes for Local Content. Therefore, our specifications were totally different from the Radio Designated by National Treasury.</p>	Municipal Manager	31 December 2018

Management report reference	Audit Finding AG	Recommendation	Management Response	Responsible Person	Proposed date when COMAF will be addressed
Page 115	COMAF 18: <u>Remuneration of Key Management Personnel</u> When the remuneration of directors as disclosed under note 29 of the Financial Statements was compared to the Government Gazette, 10 October 2017 No 41173 of the Department of Co-Operative Governance and Traditional Affairs Notice 628 Of 2017 For: Determination of the Upper Limits of Total Remuneration Packages Payable to Municipal Managers and Managers directly accountable to municipal Managers, differences were identified.	<ol style="list-style-type: none"> 1. Management should align the remuneration paid to managers to the guidelines given yearly by the Department of Co-Operative Governance and Traditional Affairs as to ensure compliance with these regulations. 2. Furthermore, management should disclose irregular expenditure to an amount of R 197 461 in the financial statements. 	Management disagrees	Municipal Manager	Management disagrees with the audit finding.
Page 91	COMAF 19: <u>Incompleteness of the impairment of PPE</u> In auditing the impairment of property, plant and equipment the auditor came across the listed assets for which insurance claims were submitted, however the assets were not assessed for indicators of impairment nor were they included as part the impairment amount in the financial statements	<ol style="list-style-type: none"> 1. It is recommended that management performs an assessment of impairment for the assets which had been damaged, lost or physically obsolete in the year under review. 2. Furthermore, it is recommended that management determine the recoverable amount and make the necessary adjustments to the financial statements. 	Management do not agree that an adjustment is needed on the financial statements as the items that were truly assets were in a working condition at year-end. Therefore, management do not agree that Property, Plant and Equipment is overstated.	Manager: Budget and Treasury Office	Management disagrees with the audit finding. Refer to management response.
Page 98	COMAF 20: <u>Reported performance information is not reliable and useful</u> <u>Finding 1:</u> During the audit of the performance information for Strategic objective 5:	<ol style="list-style-type: none"> 1. It is recommended that management take steps to ensure that each indicator is accompanied by a supporting schedule which reconciles to the portfolio of evidence. Management must also 	<p>Finding 1: Management agrees and will correct the chapter 3 of APR to correctly reflect the audited figures</p> <p>Finding 2: In terms of the KPI definition and formulation, Management disagrees that a corrective measure is needed as the performance of the municipality with regards to the KPI's in question, exceeds the performance of the set norm and target. Therefore, Management sees no immediate need to provide measure to improve the performance.</p>	Director: Strategic Support and Development	On-going

Management report reference	Audit Finding AG	Recommendation	Management Response	Responsible Person	Proposed date when COMAF will be addressed
	<p><i>Adherence to all laws and regulations applicable to local government</i>, the audit team identified that the reported actual performance in respect of the following immaterial indicators was not reliable when compared to the source information and resulted in the listed audit differences.</p> <p><u>Finding 2:</u> During the audit of Strategic objective 5: <i>Adherence to all laws and regulations applicable to local government</i>, the audit team identified that for the listed indicators where the municipality underperformed, management did not include measures taken to improve performance.</p> <p><u>Finding 3:</u> In making this evaluation, the auditor considers whether the performance information is appropriately presented in terms of the structure and content; the terminology used and the level of detail provided as required by the PMRF. The performance information should overall be presented in a manner that reflects the information to be:</p> <p>- Understandable: presented in a manner that can be understood by the intended</p>	<p>implement a rigorous review process which involves various levels of reviews as well as the preparation reconciliations to confirm that the reported performance as per the APR agrees to the supporting schedules and portfolio of evidence.</p> <p>2. It is further recommended that management regularly review and update the operating procedures relating to the collection, collation and reporting of performance information to ensure that they are well documented and clear, and remain relevant in assisting with the preparation of useful and reliable performance information.</p> <p>3. In addition, management should adjust the annual performance report to agree with the evidence provided. Where performance targets have not been met, management should provide adequate reasons for the non-achievement of the target.</p>	<p>The heading of tables "2017" was subsequently corrected to reflect the correct date and was provided to AG.</p> <p>Management agrees and shall in future reporting to Council, report Quarterly per Strategic Objective and per Directorate to avoid any potential confusion. Thus will ensure the same structure is reflected in both the SDBIP and the APR.</p> <p>Finding 3: Management Agrees with the finding and shall provide corrective measures where needed. Standard Operating Procedures shall be reviewed by all relevant officials.</p>		

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	<p>users i.e. clear and easy to follow.</p> <p>- Comparable: presented in a manner that it can be compared by the users to the performance information in the planning documents and the reported performance in the prior year.</p> <p>During the audit of performance information at Langeberg Municipality the audit team noted that the presentation and disclosure of the performance information in the annual performance report is not understandable because it based on a different reporting structure to the information included in the SDBIP.</p> <p>The performance indicators and targets in the SDBIP are presented per directorate whereas in the annual performance report the performance information is reported by strategic objective.</p> <p>The result of these misstatements is that the annual performance report is not comparable and understandable i.e. easy to follow when reviewed with the SDBIP.</p>				

Management report reference	Audit Finding AG	Recommendation	Management Response	Responsible Person	Proposed date when COMAF will be addressed
Page 122	<p>COMAF 21: <u>Internal control deficiencies: Water and sanitation sector procedures</u></p> <ol style="list-style-type: none"> 1. A policy on routine maintenance of water and sanitation infrastructure was not developed or approved and no condition assessments of water and sanitation infrastructure were performed to inform a water and sanitation infrastructure maintenance plan 2. Standard procedures on the condition assessments of water and sanitation infrastructure were not established 3. The targets for TL 18 and TL 20 for the provision of water and services were not achieved 	<ol style="list-style-type: none"> 1. It is recommended that management develop a routine maintenance and condition of assessment policy plan for water and sanitation infrastructure assets which also includes procedures for performing condition of assessments. The policy plan and procedures must detail the frequency of the maintenance of assets and condition assessments, the skills required to perform the assessments, as well as measures to be taken monitor the fulfilment of the policy. 2. It is also recommended that management use the above suggested policy plan to inform the budgeting for annual maintenance costs. 3. With regards to the priority list prepared by GLS, it is recommended that management prioritize the replacement of assets appearing thereon, in this regard management must draft a plan on how they will incorporate the priority list into their budgeting process for each financial year until all items on that listed are addressed. 	<p>The GLS Water and Sanitation Master Plans are not designed or utilized to perform condition assessments of water and sanitation infrastructure. These master plans are designed and utilized to determine what the impacts are and what required upgrading to water and sanitation infrastructure are required for future land developments and the full occupation of existing developments and to determine what the impact of any new development (e.g. a new housing project or retail or industrial development) will be on the existing infrastructure and what upgrading and/or new infrastructure is required and the estimated cost thereof.</p> <p>The water and sanitation infrastructure addressed in the GLS master plans include all water and sanitation reticulation networks as well as all pump stations and reservoirs. The Water Treatments Works (WTW) and Waste Water Treatment Works (WWTW) are however not included in these master plans and comprehensive Operation and Maintenance Manuals have been compiled and are utilized for these WTW's and WWTW's.</p> <p>The GLS water and sanitation master plans are updated continuously as existing infrastructure is updated or new infrastructure is completed and commissioned.</p> <p>Most of the water and sanitation infrastructure is installed underground e.g. pipes and valves etc. and it is not practical or cost effective to do regular condition assessments of this infrastructure as the only way to do this is to send remote cameras through all the pipes (284 km. of water pipes and 252 km. of sewer pipes).</p> <p>Pump stations and reservoirs are however inspected on a regular base</p>	Director: Engineering Services	On-going
Page 106	<p>COMAF 22: <u>The nature of contracted services not disclosed</u></p> <p>During the audit of expenditure, we identified that the nature of the</p>	<ol style="list-style-type: none"> 1. Management should ensure that the financial statements are adequately reviewed before submitting the annual financial statements for audit. 	<p>Management disagrees with the finding as the disclosure of contracted services is in line with GRAP 1 paragraph 101.</p>	Director: Financial Services	Management disagrees with the audit finding.

Management report reference	Audit Finding AG	Recommendation	Management Response	Responsible Person	Proposed date when COMAF will be addressed
	<p>following material line items per note 38 (Contracted services) were not disclosed</p> <ul style="list-style-type: none"> - Outsourced services R4 079 471 - Consultancy service R7 320 421 - Contracted services R12 720 047 	<p>2. It is recommended that management adjust note 38 to take into account the above.</p>			
Page 132	<p>COMAF 23: <u>Non-compliance identified in Contract Management</u></p> <p>Part 1: <u>During the audit of Contract Management at the municipality it was noted that:</u></p> <p>For the listed contracts the performance of the contractor/provider is not monitored on a monthly basis;</p> <p>Part 2: <u>During the audit of Contract Management at the municipality it was noted that:</u></p> <p>The listed contract only contained the signature of the successful bidder and not the delegated official; The listed contracts were not provided and could not be assessed for the signatures of the successful bidder and delegated official.</p> <p>Part 3: <u>During the audit of Contract Management at the municipality it was noted that:</u></p>	<p>The municipality should therefore:</p> <ol style="list-style-type: none"> 1. Monitor the performance of the contractor/provider and document the monitoring process with confirmation/signature from the delegated official as evidence of monitoring 2. Ensure that contract performance measures and the methods whereby it is monitored are sufficient to ensure effective contract management. 3. Ensure that contracts are signed in writing by both the successful bidder and the delegated official. 4. Ensure that contracts include provisions for the termination of the contract in the case of non- or underperformance, as well as provisions for dispute resolution mechanisms to settle disputes between the parties. 5. Ensure that contracts are in accordance with the general conditions of contract. 	<p><u>Management comment on the audit finding:</u></p> <p><u>Part 1</u> Management disagrees with the audit finding, because the municipality monitors the progress of every contractor using the contract register on a monthly basis. The contract register was submitted to the AGSA and it includes all the contracts that the AGSA has listed in this finding.</p> <p><u>Part 2</u> Management disagrees with the finding, because as per the MFMA section 116 that the AGSA has quoted, all the contracts are in writing. There is no requirement for signatures in the section quoted by the AGSA.</p> <p>Furthermore, management disagrees with the point raised by the AGSA, that the listed contracts were never submitted to the AGSA. Please find attached evidence that the contracts were signed as received by Ashley Williams an employee of the AGSA.</p> <p><u>Part 3</u> Management disagrees with the point raised by the AGSA, that the listed contracts were never submitted to the AGSA. Please find attached evidence that the contracts were signed as received by Ashley Williams an employee of the AGSA.</p> <p><i>Section 116(1)(b)(i) of the Municipal Finance Management Act No. 56 of 2003 (MFMA) stipulates that a contract or agreement procured through the supply chain management system of a municipality or municipal entity must stipulate the terms and conditions of the contract or agreement, which must include provisions providing for the termination of the contract or agreement in the case of non- or under- performance.</i></p>	Manager: SCM	Management disagrees with the recommendation. Please refer to management's comment on the finding

Management report reference	Audit Finding AG	Recommendation	Management Response	Responsible Person	Proposed date when COMAF will be addressed						
	<p>The listed contract does not include provisions for the termination of the contract in the case of non- or underperformance; The listed contracts does not include provisions for the termination of the contract in the case of non- or underperformance due to the contracts not provided; The listed contract does not include provisions for the termination of the contract in the case of non- or underperformance due to the full contract not provided.</p> <p>Part 4: The listed contracts does not include provisions for dispute resolution mechanisms to settle disputes between the parties; The listed contracts does not include provisions for dispute resolution mechanisms to settle disputes between the parties due to it not being provided; The listed contract does not include provisions for dispute resolution mechanisms to settle disputes between the parties due to the full contract not provided.</p> <p>Part 5: The listed contracts could not be assessed if it is in accordance with the general conditions of contract due to it not being provided to the auditors.</p>		<p><i>During the audit of Contract Management at the municipality it was noted that:</i></p> <ul style="list-style-type: none"><i>The following contract does not include provisions for the termination of the contract in the case of non- or underperformance:</i> <table><tr><td><i>Item description</i></td><td><i>SUPPLIER NAME</i></td><td><i>Contract Owner</i></td></tr><tr><td><i>SERVICE LEVEL AGREEMENT - GEODEBT SOLUTIONS</i></td><td><i>GEODEBT SOLUTIONS</i></td><td><i>JOSSELINA BUIS</i></td></tr></table> <p>Disagree as the SLA clause 5, indicates:</p> <p><i>Parameters Presented by Council</i></p> <p><i>As independent contractor, the contractor shall provide services within the parameters prescribed by Council, in council resolutions, policies and by-laws and the terms set by this agreement.</i></p> <p>Subsequent to that, Council SCM Policy section 35, give effects to contract management including but not limited the termination of the contract in the case of non- or underperformance.</p> <p>Therefore, the SLA must be read together with the council SCMP and other regulation that governing the SCM.</p> <ul style="list-style-type: none">The following contracts does not include provisions for dispute resolution mechanisms to settle disputes between the parties due to it not being provided:	<i>Item description</i>	<i>SUPPLIER NAME</i>	<i>Contract Owner</i>	<i>SERVICE LEVEL AGREEMENT - GEODEBT SOLUTIONS</i>	<i>GEODEBT SOLUTIONS</i>	<i>JOSSELINA BUIS</i>		
<i>Item description</i>	<i>SUPPLIER NAME</i>	<i>Contract Owner</i>									
<i>SERVICE LEVEL AGREEMENT - GEODEBT SOLUTIONS</i>	<i>GEODEBT SOLUTIONS</i>	<i>JOSSELINA BUIS</i>									

Management report reference	Audit Finding AG	Recommendation	Management Response	Responsible Person	Proposed date when COMAF will be addressed									
			<table><tr><td>Item description</td><td>SUPPLIER NAME</td><td>Contract Owner</td></tr><tr><td>PROCUREMENT OF PROFESSIONAL SERVICES FOR THE LANGEBERG MUNICIPALITY UNDER THE EXISTING CONTRACT SECURED BY OVERSTRAND MUNICIPALITY - TENDER NO: SC1690/2016: APPOINTMENT OF CONSULTANTS FOR VARIOUS ENGINEERING AND GROUNDWATER PROJECTS IN THE OVERSTRAND MUNICIPAL AREA FOR A CONTRACT PERIOD ENDING 30 JUNE 2019</td><td>UDS AFRICA PROFESIONAL SERVICES & PROJECT MANAGERS</td><td>NEIL ALBERTYN</td></tr><tr><td>QUOTATION 03/2017 REQUEST FOR SUPPLY AND DELIVERY TO ROBERTSON OF HERBICIDES AND INSECTIONS AS SPECIFIED</td><td>SIYAPHAMBILI ELECTRICAL & INDUSTRIAL SUPPLIES CC</td><td>MICHELLE HUCKLESBY</td></tr></table> <p>Disagree</p> <p>Because dispute resolution mechanisms are covered in the bid documents under paragraph 27 of the GCC:</p> <p>27. Settlement of Disputes</p> <p>1.27.1. If any dispute or difference of any kind whatsoever arises between the purchaser and the supplier in connection with or between the purchaser and the supplier in connection with or arising out of the contract, the parties shall make every effort to resolve amicably such dispute or difference by mutual consultation.</p> <p>1.27.2. If, after thirty (30) days, the parties have failed to resolve their dispute or difference by such mutual consultation, then either the purchaser or the supplier may give notice to the other party of his intention to commence with mediation. No mediation in respect of this matter may be commenced unless such notice is given to the other party.</p> <p>1.27.3. Should it not be possible to settle a dispute by means of mediation, it may be settled in a South African court of law.</p> <p>1.27.4. Notwithstanding any reference to mediation and/or court proceedings herein,</p> <p>1.27.4.1. the parties shall continue to perform their respective obligations under the contract unless they otherwise agree; and</p> <p>1.27.4.2. the purchaser shall pay the supplier any monies due the supplier for goods delivered and / or services rendered according to the prescripts of the contract.</p>	Item description	SUPPLIER NAME	Contract Owner	PROCUREMENT OF PROFESSIONAL SERVICES FOR THE LANGEBERG MUNICIPALITY UNDER THE EXISTING CONTRACT SECURED BY OVERSTRAND MUNICIPALITY - TENDER NO: SC1690/2016: APPOINTMENT OF CONSULTANTS FOR VARIOUS ENGINEERING AND GROUNDWATER PROJECTS IN THE OVERSTRAND MUNICIPAL AREA FOR A CONTRACT PERIOD ENDING 30 JUNE 2019	UDS AFRICA PROFESIONAL SERVICES & PROJECT MANAGERS	NEIL ALBERTYN	QUOTATION 03/2017 REQUEST FOR SUPPLY AND DELIVERY TO ROBERTSON OF HERBICIDES AND INSECTIONS AS SPECIFIED	SIYAPHAMBILI ELECTRICAL & INDUSTRIAL SUPPLIES CC	MICHELLE HUCKLESBY		
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			<div><ul style="list-style-type: none">The following contract does not include provisions for the termination of the contract in the case of non- or underperformance due to the full contract not provided:<table><tr><td>Item description</td><td>SUPPLIER NAME</td><td>Contract Owner</td></tr><tr><td>MANAGED INTEGRITY EVALUATION CONTRACT</td><td>MANAGED INTEGRITY EVALUATION</td><td>THEUNS CARSTENS</td></tr></table></div> <div>Disagree due to the below facts: The termination of the contract in the case of non- or underperformance, is covered in the SLA under section 15 of the contract (find attached contract for your perusal).</div> <div>Part 4 Management disagrees with the point raised by the AGSA, that the listed contracts were never submitted to the AGSA. Please find attached evidence that the contracts were signed as received by Ashley Williams an employee of the AGSA.</div> <div>Part 5 Management disagrees with the point raised by the AGSA, that the listed contracts were never submitted to the AGSA. Please find attached evidence that the contracts were signed as received by Ashley Williams an employee of the AGSA.</div>	Item description	SUPPLIER NAME	Contract Owner	MANAGED INTEGRITY EVALUATION CONTRACT	MANAGED INTEGRITY EVALUATION	THEUNS CARSTENS		
Item description	SUPPLIER NAME	Contract Owner									
MANAGED INTEGRITY EVALUATION CONTRACT	MANAGED INTEGRITY EVALUATION	THEUNS CARSTENS									
Page 141	COMAF 24: <u>Limitation: Use of consultant</u> Part1: During the audit of the use of consultant, a limitation was encountered. The following supporting evidence relating to planning	Management should ensure that full and proper records of the financial affairs of the municipality are kept for all transactions recorded in the financial statements and also ensure that the contract performance measures and the methods whereby it is monitored are	Management disagrees with audit finding	Manager: SCM	Management disagrees with the recommendation						

Management report reference	Audit Finding AG	Recommendation	Management Response	Responsible Person	Proposed date when COMAF will be addressed
	<p>and appointment process for the use of consultant (Mubesko) and also supporting evidence relating to training and transfer of skills from consultants to employees was not provided:</p> <ul style="list-style-type: none"> - Terms of reference - The evaluation report - Declaration of interest form - The Attendance registers for trainings that took place in 2017/18 financial year, (Provided by Mubesko) <p>Part 2: <u>Non-compliance identified in the use of consultant</u></p> <p>During the audit of Contract Management at the municipality it was noted that no evidence existed to substantiated that the performance of the consultant (Mubesko Africa) was monitored on a monthly basis as required by the MFMA compliance act.</p>	<p>implemented sufficient to ensure effective contract management.</p>			

Management report reference	Audit Finding AG	Recommendation	Management Response	Responsible Person	Proposed date when COMAF will be addressed
	<p>COMAF 25: <u>Revenue from non-exchange – Provincial Traffic fines not accounted</u> Legislation also requires a municipality to adopt and implement a debt collection policy.</p> <p>Through this policy, in terms of section 96(b) Municipal Systems Act; municipalities must collect all monies due and payable to the municipality. The municipality must also ensure that an adequate management, accounting and information system which accounts for revenue, debtors and receipts of revenue is in place per MFMA, section 64(2)(e). This system must (i) recognise revenue when it is earned; ii) account for debtors; and iii) accounts for receipts of revenue. The municipality is therefore obliged to collect all monies issued by provincial traffic officials and recognize the corresponding revenue and receivable.</p> <p>1. It has been established that traffic fines issued by the Provincial Traffic officials within the Langeberg municipal area are not accounted for by the municipality even though these fines are issued on</p>	<p>1. Management should adjust the financial statements to record the traffic fines, non-exchange receivables and provision for impairment of receivable resulting from the traffic fines issued by the provincial traffic department.</p> <p>2. Management should also process a retrospective restatement in terms of GRAP 3 in correcting the recognition, measurement and disclosure of amounts of accumulated surplus, receivables from non-exchange, and allowance for doubtful debts of the comparative figures in the financial statements.</p> <p>3. Management should put in place controls to identify provincial traffic fines issued, either by sourcing reports from the provincial office or use of the traffic fines management service provider to ensure recognition, collection and management of all fines issued within the municipality's jurisdiction.</p>	<p>Management disagrees with the audit finding based on the below reasons:</p> <p>In terms of GRAP 23 par. 48 <i>Revenue from a non-exchange transaction shall be measured at the amount of the increase in net assets recognized by the entity.</i> This therefore means that an entity will only recognize revenue from a non-exchange transaction when that same transaction causes an increase in the net assets of the entity and that the two shall be measured at the same amount.</p> <p>In the case of traffic fines issued by the Province the following was the case: Provincial issued traffic fines to offenders but never informed the municipality. This means that the municipality at that point could never exercise the law in collecting these fines as it was not aware of these fines or who the offenders were. This clearly indicates that at the stage where the municipality is unaware of the fines, the municipality is not in control over the debtors and as such cannot raise any debtors. This means the asset definition is not met and thus no revenue can be raised as per GRAP 23 par. 48 outlined above. <i>GRAP 23 par.06 Control of an asset arises when the entity can use or otherwise benefit from the asset in pursuit of its objectives and can exclude or otherwise regulate the access of others to that benefit.</i> This clearly indicates that before the municipality is aware of who the offenders are, the Municipality cannot claim benefit from such "unknown offenders". Regardless of when the offence was made or ticket issued, the Municipality can only raise non-exchange revenue when control over the offenders is established and when the asset and revenue can be reliably measured. This can only be done when the Province has submitted the list of tickets issued. And at that date the asset definition and recognition criteria is met, which means only at that point can the revenue be raised in the books of the Municipality.</p> <p>Typical example for practical application In a case where a motorist would offend traffic regulations, but not get caught (for instance, drives over a red traffic light without being caught), the municipality can never raise an asset or non-exchange revenue, because it has no control over "unknown offenders".</p> <p>This therefore means that non-exchange revenue from traffic fines issued by the Province should only be recognized at the earlier of receipt of payment or receipt of list of issued tickets. This is because that is the period that control over the asset is established and thus the revenue recognition criteria is met.</p>	Director: Financial Services	30 November 2018

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	<p>behalf of the municipality. The cash generated from the payment of the fines is being received by the Langeberg municipality and therefore the municipality benefits from the provincial fines issued.</p> <p>2. All traffic fines (revenue from non-exchange revenue) issued within the jurisdiction of the Langeberg municipality are for its benefit, including traffic fines that are issued by another organ of state, and should be recognised as revenue when they are issued and a corresponding receivable should be raised. Therefore; traffic fines revenue, receivable from non-exchange and provision for impairment of receivable recognised on the financial statements are all understated.</p> <p>3. The comparative amounts for traffic fines, non-exchange receivables and provision for impairment of</p>	<p>4. Management should account for all fines issued in terms of IGRAP 1.</p>			

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	receivable are also understated as the traffic fines issued by the provincial traffic department for prior years would also not have been accounted for.				



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